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Intel and Microsoft

The whole world in their hands?



Credit Suisse First Boston

Why Mulford's accession may lead to big change



Edzard Reuter

Time for revolution. at Daimler-Benz

Trade with China

Why Gatt entry isn't open and shut



FINANCIAL TIMES

Europe's Business Newspaper

new approach to trade with US

Japan plans to adopt a new approach to trade policy with the US, based on formal rules and procedures for settling trade disputes rather than political deals, according to Japan's top trade negotiator, Noboru Hatakeyama.

He said Japan wanted to eliminate emotion and politics from the settlement of trade disputes. "We have given a lot of consideration to US indus-try, we accepted their request to come up with an import goal for semi-conductors. From now on, we want a trade policy governed by rules set by Gatt. Page 14; Clash of big battalions, Page 5; Kanemaru quizzed on 'tax evasion', Page 5; Observer, Page 13

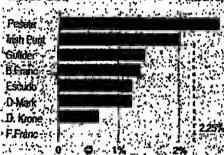
Glaxo, Europe's biggest drugs group, has been accused by the US Food and Drug Administration of making false and misleading statements about Zantac, the world's best-selling medicine with annual sales of about £2bn. Page 15

BT plans US operation: British Telecom plans this week to apply to US authorities for permission to operate domestic and international telephons services in the US. The application is expected to face stiff opposition from BT's US competitors, AT&T. Sprint and MCI. Page 14

Barclays Bank chief pledges change: Andrew Buxton, chairman and chief executive of Barclays Bank, responded to investors' criticism by promising that "a significant part" of his responsibilities would be passed to a new senior executive this year. Page 14

European Monetary Systems The French franc is still trading at the bottom of the European exchange rate mechanism grld despite Germany's recent cut in money market interest rates. The cut of almost a ¼ point in the rate at which the Bundesbank provides wholesale funds to commercial banks may have prevented the French franc falling below FFr3.40 to the D-Mark at the end of last week. But the franc's divergence from Its central rate against the Ecu increased over the course of last week from -43 percentage points to 46. The Spanish peseta remains at the top of the grid. Currencies, Page 25

EMS: Grid March 6, 1998



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.

Cult siege stand-off continues: Efforts to end the eight-day siege in Texas, US, by 400 FBI agents of a farm compound containing cuit leader David Koresb and around 100 people, reached

Banks' Bombay exposure raise: The total problem exposure of banks involved in the Bombay securities market scandal is Rs40.2bn (\$1.24bn), or Rs4.8bn larger than originally estimated, according to the Reserve Bank of India. Page 4

Kenya reforms at risk: Bold steps by the Kenyan government to liberalise its economy were in jeopardy after international Monetary Fund officials failed to agree a provisional deal that would allow restoration of foreign aid. Page 4

Afghans sign peace accord: Afghanistan's rival leaders signed an agreement in Islamabad, Pakistan, to end factional fighting which has killed thousands of civilians since they overthrew the former communist government last April but postponed deciding the new cabinet for 15

Thomas Cook, the travel agency and financial services group, was considering final details of a tender offer for sbares in Owners Abroad, the tour company fighting a hostile bid from rival

MTV Europe, the UK-based satellite rock music channel, is producing revenues of \$60m-\$70m a year. The hitherto undisclosed figures are at least double what analysts believed. Page 15

American Express, the US financial services group, is planning to sell more than half its major-ity stake in First Data Corporation, in a disposal that could bring \$1.2bn into American Express, which saw a profits setback last year. Page 17

UK government braced for treaty defeat: The UK's ruling Conservative party was last night braced for the possibility of a parliamentary defeat over the Maastricht treaty on European

unification. Page 6 Swiss vote on petrol and casinos: Swiss voters backed an increase in petrol tax and the legalisation of casinos. A proposal to ban medical experiments on animals was substantially rejected.

Warning on German standing in Nato: Germany's credibility and reliability within Nato was being questioned by its allies, General Klaus Naumann, chief of the armed forces, warned.

TV and Radio .

CONTENTS Building contracts 10 Markets FT World Actuaries........ 25

Meneged Funds ___ 21-25 Recent Issues

Tokyo may adopt Italians angered by decrees on illegal funding

By Haig Simonian in Milan

ITALY'S judiciary and opposition parties reacted with bostility yesterday to a cabinet decision which would sharply reduce the political impact of the corruption investigations sweeping the coun-

Mr Francesco Saverio Borrelli, the chief public prosecutor in Milan, the city where investigations began, said the result of the cabinet's decrees would be "the

cover the facts of who was responsible".

Mr Carlo Ripa di Meana, environment minister, last night resigned from the government to show his opposition to the deci-sion. Mr Ripa di Meana, who resigned from the Socialist party last month, is the fourth minister to have quit in less than a

Mr Gerardo D'Ambrosio, dep-

total paralysis of the investiga-tions and the impossibility to dis-the city where investigations the city where investigations began, said "the public will find it difficult to accept that those being accused should decide to

let themselves off". He added: "What we've done, and what they don't tolerate, is that we've reached a trigger point, we've got to the heart of the system".

The decrees, approved by the cabinet on Friday night, would transfer responsibility for investi-

gating illegal political funding from magistrates to politically appointed regional prefects. They would also make the offence punishable by fines and prohibition from elected office, rather than

The plans represent an attempt to distinguish the widespread practice of illegal funding from the more "serious" crimes of demanding and paying bribes, which would remain criminal

Magistrates in Milan met yesterday to consider the implica-tions of the decrees, which would absolve many of the politicians now under scrutiny. A spokes-man for the national magistrates' association expressed coocern about the measures and the use of decrees to push them through.

The strength of the opposition to the government's place, broadly reflected in leading newspapers, suggests ministers will face a hard time obtaining the

als, which can become law immediately but must subsequently be backed by parliament.

Even some members of the four-party governing coalition expressed disquiet. Mr Mino Martinazzoli, leader of the majority Christian Democrats, said he was uneasy about the constitutional

> Continued on Page 14 Italian steel subsidies threatened, Page 14

Germany's far right makes big gain in polls

By Christopher Parkes

GERMANY'S extreme right-wing Republicans stole votes from mainstream parties to make sweeping gains in local and city elections in the state of Hesse

The results stunned the Social Democrats (SPD), and gave an unexpected lift to Chancellor Helmut Kohl's Christian Democrats (CDU), especially in large cities. Against all expectations, the SPD share of the vote slumped by 7 per cent, while the CDU lost only about 2 per cent of its sup-

The CDU displaced the SPD as the largest single party in the Franfurt and Kassel city councils, exit polls showed.

port, according to earty esti-

In Frankfurt, the largest and richest city in the state, the Republicans, led by Mr Franz Schönhuber, a former SS officer. took 10 per cent of the vote. in one depressed part of the inner city they gained 14 per cent. The CDU, which won 33 per

cent against the SPD's 31 per cent share, ruled out any coalition with the Republicans. The likely outcome appeared to he a governing coalition comprising SPD, CDU and the Greens, the environmental party.

Fewer than 70 per cent of voters went to the polls, compared with a 77 per cent turnout in the last election in 1989. Statewide, the Republicans collected an estimated 7.7 per cent, compared with less than 1 per cent for farright parties last time.

However beartening for the embattled Mr Kohl, the result -

in one of the richest German states - will fuel domestic and international fears about the rise to respectability of Germany's

extreme right wing.
The result is likely to concentrate efforts by the government and opposition in Bonn to fill the political vacoum at the centre before next year's wave of state, European and federal parliamen-

The ruling coalition and opposition are at present hopelessly divided on a range of issues, including a solidarity pact to pay for German unification and the apparently unstoppable flood of asylum seekers. Voters are also increasingly anxious about the economy's slide into recession and rising unemployment. While the Republicans gained

support for their policles of containing immigration and deporting "criminal foreigners", other from protest votes.

The Greens, which are not cur-rently represented in the federal parliament, increased their support in Frankfurt from around 10 per cent to almost 15 per cent. The liberal Free Democrats

failed to take enough votes to gain representation on the city council, but they improved their standing statewide with an estimated 6 per cent of the vote. The Republicans, which put up

candidates in 22 of 26 areas, com-pared with two in the 1989 election, are expected to take 11 seats in the Frankfurt council. The party overcama public dis-

approval which forced it to limit its electioneering.

Lex, Page 14 brought to my attention since I

Commanders will hold talks on ceasefire to evacuate wounded

UN steps up efforts to aid Moslems in Bosnia

By Laura Silber In Balgrade

UNITED NATIONS officials will make renewed efforts today to get emergency relief to thonsands of Moslem refugees trapped by fighting in eastern

They are due to bold negotia-tions with Bosnian Serb com-manders on the evacuation of the wounded from Konjevic Polje, a Moslem enclave in eastern Bosnia-Hercegovina, and the despatch of relief to nearby Srebrenica, whose population has doubled to 60,000 with refugees seeking sanctuary despite wors-ening conditions in the town.

General Phillipe Morillon, commander of UN forces in Bosnia, is expected to meet General Ratko Mladic, Bosnian Serb commander, and General Sefer Halilovic. Bosnian army chief, in Sarajevo to try to arrange a ceasefire in eastern Bosnia and send in UN military observers.

While UN officials press for the evacuation, Serb commanders are trying to link any agreement with an exchange of Serbs from Moslem-held regions of Bosnia. Amid reports of dire conditions in Srebrenica, six US air-

craft early yesterday parachnted 38 tonnes of food and medical sopplies over the eoclave.

A doctor of the World Health Organisation who got to Srebrenica on Saturday said about 2,000 people were reported to be sick and wounded in the town above

the River Dring. Dr Simon Mardel estimated that 200 seriously wounded people needed to be evacuated urgently and that an additional 9,000 women, elderly and children were seeking safe passage. "This is the worst situation

All of these securities having been sold, this announcement appears as a matter of record only.

finding mission to Cerska, said there did not appear to be evidence of atrocities. Amateur radio operators in Bosnia last week said bundreds of Moslems had been killed when

Serb forces seized the town.

July," Sir Donald Acheson, WHO

Gen Phillipe Morillon, UN commander in Bosnia, addresses a press briefing after returning from Cerska came to former Yuguslavia in "We have seen evidence where population has sy most of the houses were shelled or burned but I did not see any

special representative, said after bearing Dr Mardet's report. evidence of massacres," Gen Gen Morillon, after crossing Morillon said. Bosnian Serb Serb lines on Saturday on a factforces have blocked relief agen-cies from reaching Cerska since the war began. Relief workers said at least 175

wounded and sick needed to be evacuated nrgently from Konjevic Polje.

Local leaders say the bamlet's

people, half of whom are refugees from Cerska. Konjevic Polje was the target of the US air-drop for two nights last week. Mr Lanrens Jolles, of the UNHCR, said: "The brown packages were everywhere. Many people were chewing gum. The name Clintoo was on everybody's lips."

Bosnian talks in balance, Page 5 A brief to build bridges, Page 12

British supercomputer sale to US laboratory sparks row

By Louise Kehoa in San Francisco and Alan Cane In

A ROW is brewing in the US over the decision of one of the country's top weapons laboratories to purchase a supercomputer from the US subsidiary of Meiko Scientific, a little-known British-owned

Tha US Energy Department's Lawrence Livermore Laboratory, in Berkeley, near San Francisco, has agreed to purchase a \$15m supercomputer from Melko. choosing the Britisb-owned com-pany's product over those of sev-

eral US competitors. Supercomputers are used widely in weapons research, geo-logical exploration and meteorology. Meiko is believed to be the

only non US-owned company to sell a supercomputer to a US gov-ernment laboratory for 30 years. The decision comes only two weeks after President Bill Clinton unveiled a technology policy which includes plans to boost the

competitiveness of US companies by encouraging greater collabora-tion between industry and the

Meiko was founded in 1985 by six computer engineers from Inmos, the innovative UK state-backed silicon chip manufacturer which invented the "transputer" computer-on-a-chip.
Its fastest machine, which can

carry out 1,000bn calculations a second, has a list price of \$50m, although none has yet been sold. The company has sales of about \$20m a year and funds research and development out of income. US supercomputer manufacturers have previously regarded Jap-

anese companies as their chief competitors, and the Melko deal has shocked US industry executives who are expected to protest against the sale. US supercomputer companies bave successfully argued that government laboratories should

not purchase Japanese super-

computers, saying the Japanese government market is closed to

bowever, be applied to a British-owned company since US companies dominate the Enropean supercomputer market.

However, the sale may raise concerns about supercomputer export cootrols. While the US and Japan have agreed to limit sales of supercomputers to foreign gov-ernments because the computers can be used in the development of nuclear weapons, Europe has not so far agreed to such limits. Already, Meiko's export record

has been brought into question, especially a sale to Israel in 1991 which would have been forbidden to US companies.

Mr David Alden, president of Melko Scientific, denied his company has a "bad export record". But by raising the spectre of uncontrolled supercomputer exports, US competitors are certain to get attention in Washington.

Intel and Microsoft reinforce their dominance, Page 13

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February 1993

THE FINANCIAL TIMES LIMITED 1993 No 32,007 Week No 10 LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

Number's

Bonn and

Weimar

By Judy Dempsey in Berlin

NOT only history and John le Carré have immortalised Wei-

mar and Bonn. Both happen to

share the same post code: 5300. But not for much longer, if an ambitious plan by the

German post office is implemented as scheduled on July 1.

On that day the two separate post codes of the two Ger-manys will be superseded by a

new system aimed at making

the postal service more effi-

cient and faster. Mr Norbert Schäfer, a post office official, said it was only

a matter of time hefore the

two systems had to be harmon-

ised. "The west German postal

codes system was introduced in 1961 (the year the Berlin

Wall was built]. The east Ger-

man system, which was more

rational because it had more post codes which thus covered much smaller areas, was intro-

duced in 1965. But there are

800 towns and cities in east

and west Germany which share the same postal code. There's lots of room for error."

Introduction of the new sys-tem, at a cost of DM400m

(\$240.9m) and after nearly two

years' research and testing,

involves scrapping the current

up for

By Andrew Hill in Brussels

EC MINISTERS may be asked to rewrite a hard-won compromise on advanced telavision standards as part of a Danish attempt to unblock the EC's strategy nn high-definitinn television.

Revision of existing legisla-tion – agreed in December 1991 after 15 hours of ministerial debate - would further dilute the EC's original standards-based atrategy for devel-oping cinema-quality television in Europe.

However, ontline proposals being prepared by Denmark, which holds the BC presidency, have not yet gone far enough to attract the support of the UK.

Britain is blocking the European Commissinn'a mnch-di-Inted Ecu500m (£413m) HDTV funding plan on the grounds that the spending is not justi-fied. Britain believes so-called "Mac" technology backed hy the EC will soon be nvertaken by digital HDTV under develment in the US.

Denmark has yet to receive any hint that the UK will relax its position. The Danes want to schedule a special early meeting of telecommunications ministers and avoid the scheduled May meeting, which is being overshadowed by rows on HDTV.

The directive agreed in December 1991 dictates that only one intermediate standard - called D2-Mac - can be used for wide-screen television hroadcasts in the EC. Wlde-screen television sets must also be built to receive D2-Mac transmissions. So far, Commission proposals for funding have reflected that obligation.

But Denmark's compromise would allow funding for other wide-screen standards and probably require the original directive to be broadened, to the benefit of rival intermedi-ate technologies such as PALplus, which is being developed by a consortium of European broadcasters and manufactur-

market for milk.

trading from April 1994.

(tel 081-398 4101, ext 2444).

discussions take place later this year.

Danes try Daimler-Benz set for China expansion

By Christopher Parkes in Frankfurt

DAIMLER-BENZ, the German automotive, aerospace and engineering group, is considering opening a has assembly factory near Shanghai in China and setting up a local joint venture to make rolling stock for

underground railway networks.
The opportunities opened up during a recent tour of the Far East, when executives examined a possible site for the hus works close to the Yangtse

"It was the most exciting trip I have

undertaken in all my years at Daimler," one participant said.
The visit reflected growing interest among German companies in the region - China in particular - and widespread determination that Japanese industry should not he

It also demonstrated Daimler-Benz'a new strategy of exploring every possihility of extending manufacturing outsids Germany and developing new

allowed to over-run the market unop-

This policy is being driven partly by

the need to overcome the exchange rate disadvantages inherent in exporting from Germany.

For example, the group board will decide this year whether to manufac-ture its planned Mercedes-Benz leisure vahicle in the US. According to Mr Edzard Reuter, chairman, there is "fair chance" that a new plant will be given the go-ahead.

Meanwhile, the company will soon

start assembling a small number of cars in Mexico, and has recently signed a joint venture to make cars in

in a separate development, Siemens, Germany's largest alectrical group, has taken a 49 per cent stake in a telephone distribution and service joint venture with TN Inc of Bangkok. The new company, TN Communications Systems, aims to win a 25 per

cent market share. Siemens also recently founded a joint venture in Shanghai to make and distribute telephone switch-

South-East Asian telecommunications markets are growing by more than 10 per cent a year compared with

the world average of 3 to 4 per cent. German exports to China grew last year hy a record 40 per cent to more than DM5.5hn (\$3.31hn), while tha country's leading exporters said their shipments to Malaysia, indonesia and Singapore rose hy more than 10 per

According to the Hamhurg-hased East Asia Association, the improve-ment in these markets more than offset a 10 per cent fall in exports to

Japan last year. Interview with Dalmler-Benz chair-man, Back page, Section II

Mitterrand to press for emergency G7 summit

By William Dawkins in Paris

Franc ois PRESIDENT Mitterrand of France will meet US President Bill Clinton for the first time tomorrow to get to know the new US leader and push for an emergency Group of Seven summit to discuss an international economic growth initiative.

The Washington meeting, to be held a fortnight before the French general election, in which Mr Mitterrand's Socialist party looks set for defeat by tha right, seems as much designed to tell French voters that the president plans to keep the upper hand in foreign policy as to forge links with the new US administration.

On March 16 Mr Mitterrand plans to visit Mr Boris Yeltsin, the Russian president, just as the French alection campaign enters its last few days before

the first round of voting on Mr Mitterrand will press Mr

Clinton for an emergency G7 meeting before the July summit in Tokyo, a move supported by Germany, said Mr Jean Musitelli, the president's "What is clear is that the

president will be sitting in the front chair" at such interna-tional gatherings, he added. France did not plan to abandon its tradition of a single chief in international affairs.

The French president will use the Washington meeting to

seek clarification of the US administration's stance on the stalled multilateral trade talks under the General Agreement on Tariffs and Trade. Mr Clinton's recent complaint over subsidies to the European Airbus consortium and US antidamping duties on imported steel are also on his agenda. At home, the opposition was showing increasing confidence

yesterday in its ability to hold its own against Mr Mitterrand in a government of cohabita-tion between the Socialist president and a right-wing parliamentary majority. Mr Bernard Pons, the parliamentary whip for the conservative RPR party, yesterday warned Mr Mitterrand not to try to block the future government's

At a rally of 30,000 RPR sup-porters at Le Bourget, north of Paris, Mr Pons accused Mr Mitterrand of handing out top jobs in the public administration to friends, to keep as much power as possible. If the president tried to obstruct the new government, the future prime minister would call repeated confidence motions in the parliament, Mr Pons said.

5,400 codes and replacing them with 26,000 new ones. The first casualty will be the suffix placed after every city, town and village, which characterised only the western German system and which denoted a particular district. Instead, all cities, towns and villages will have a prefixonly.

For instance, Berlin's trendy Savignyplatz, whose post code

is currently W-1000 Berlin 12, will be changed to 10623. "The W [for West], and the O [Ost or East] will no longer exist," explains Mr Schäfer. "The first two numbers of the new system will denote the region. The last three numbers denote the post office allocated to your new post code."

Mr Klaus Lammich, an official from the transport and telecommunications department of the Federation of German Industry, says he has received complaints from members, mostly about tha cost. "But overall, we accept it because it is necessary."

Quelle, the country's giant retail and mail-ordering service, says the short-term effects will be difficult, but longer term its business should profit from a faster postal service. Mr Eric Jesker, a spokesman for Quelle, says it will cost the company around DM30m to change their entire data system.

"Ouce July 1 comes, that's it. There no room for tolerance. There's no room for mistakes. If you use the old post code, your letter will not get delivered," he says. If it works, 5300 Bonn and 5306 Weimar will be another

relic of the past.



François Mitterrand: The president will not abandon traditional role in international affairs

Italy agrees jobs package

By Halg Simonian In Milan

ITALY'S government is to spend over L7,000bn (£3,2hn) on additional measures for job creation, unemployment bene-fit and development grants to try to cushion the worsening

The measures will put further strain on public-sector finances, which are already rising above target this year. However, they should go some

CONTRACTS FOR THE PURCHASE

OF RAW WHOLESALE MILK

The Agriculture Bill, now before Parliament, provides for the abolition of

the current arrangements for the marketing of milk in England and Wales

through the Milk Marketing Board. Instead it is proposed to create a free

Milk Marque is now being established by the Milk Marketing Board in

preparation for the free market. As the farmers' milk marketing business,

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FRIDAY 16 APRIL 1993. Customers responding by this date

milk for the year April 1994 to March 1995. If you are considering

way towards meeting union demands for extra help for the unemployed and industries in

About 40,000 women marched through the streets of Rome at tha weekend to protest against the effects of recession, in a demonstration organised by the country's three trade union federations.

The package should pave the way to a new round of meetings between ministers, unions

and employers' representatives to take up proposals on reforms to labour laws outlined in last summer's accord to abolish the scala mobile wage indexation system.

The economic package approved by ministers foresees the creation of a L1,650hn national employment fund to stimulate job creation over the next three years. About L3,500hn will go on re-industrialisation projects.

Swiss voters show signs of human weakness

domestic product. Rising wel-

fare payments and revenue

shortfalls caused by the reces-

By ian Rodger in Zurich

THE Swiss have long prided themselves on having such a strong clvic sense that they will even vote for tax

Yesterday, true to form, 55.2 per cent of those voting in a referendum approved an increase in fuel taxes that will raise petrol prices by 20 centimes (9p) per litre. But some Swiss see this, and

the positive outcome of another vote yesterday, on legalising gambling casinos, as evidence of a less admirable and perhaps ominous trend among their countrymen

According to this view, these votes show that the Swiss are becoming more like everyone else. They would rather let the government tap new and relatively painless sources of income than have it cut services to reduce its bloated defi-

The Swiss federal government's deficit has soared in the past two years, reaching SFr2.86hn (£1.3hn) last year, about one per cent of gross

sion mean that this year's hudget deficit of SF13.3bn will be snbstantially exceeded, Mr Otto Stich, the finance minister, has predicted.

Mr Stich tried hard last

Some see an ominous trend developing

autumn to win his colleagues' support for swingeing spending cuts. When he failed, he proposed the two revenue raising measures that were approved yesterday

Mr Stich said that the petrol tax would add SFr1.3bn a year to federal coffers, while still leaving Swiss patrol prices lower than those in neighbouring countries.

He claimed casino legalisation would merely hring Switzerland in line with other European countries, but opponents argued that their country did not need another institution for money launderers to

Mr Stich believes the government, which proposes to take 80 per cent of casinos' gross revenues, will raise about SFri50m a year from this source, but it is unlikely to come quickly. Police forces have warned that neither the potential casino operators nor the law enforcement agencies are competent yet to deal with the kinds of criminals attracted to casinos.

A third national referendum, calling for the total abolition of vivisection, was overwhelm-ingly defeated, with 72 per cent of those voting opposed. The issue is a frequent one in the Swiss plehiscite lists.

Swiss voters return to the polls in June on two highly controversial topics related to the Swiss army. One petition calls on the people to forbid the army from buying new fighter aircraft for 10 years. The other would reduce the number of hattlefield train ing grounds at the army's dis-

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Yeltsin

plebiscite

RUSSIA'S president, Mr Boris

Yeltsin, declared yesterday

that the country was in the grip of a constitutional crisis and that a referendum on who

rules the country should go

ahead, Reuter reports from

In an interview broadcast on

Moscow radio, Yeltsin said he

wanted to reach an accord

with conservative rivals,

expected to challenge him at this week's session of the Con-gress of Peopla's Deputies, the

"I very much hope to

achieve concord at the Con-

gress between the legislative

and executive anthorities and

"If the Congress cancels the decision to hold a referendum,

and the Congress could do it.

this will show a lack of trust

Tha referendum has been

called for April 11 to deter-

mine who rules Russia - pres-

Yeltsin's seven-minnte inter-

the president," he said.

in the people," he said.

dent or parliament.

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Bosnian peace talks hanging in balance

INTERNATIONAL peace talks to end the war in Bosnia-Hercegovina continue to hang in the balance aftar being suspended until the end of this week in New York.

Mr Alija Izetbegovic, Bos-nia's Moslem president, said hefore leaving for Sarajevo progress had been made in the negotiations on a map dividing the country into 10 semi-autonomous provinces. But diplomatic observers remain scepti-cal about the Moslems' or Serbs' political will to conclude an agreement at this stage.

There's no question that the fighting that has been going on [in eastern Bosnia] has made the talks much more difficult." Mr Cyrus Vance, one of the two international mediators,

Though Mr Izetbegovic said he would be returning to the US later in the week with the intention of moving the discussions forward to a successful conclusion", there are indica-tions that his colleagues in the Bosnian government are much less ready to compromise. Bosnia's ambassador to the

United Nations, Mr Muhamed Sacirbey, who is reported to have visited Washington last Friday to put the case against acceptance of the plan tabled by mediators Mr Vance and Lord Owan, again struck a warning note at the weekend.

The president (Mr Izethegovic] needs to respond to the proper authorities, who are not very pleased that lines may be drawn on the basis of ethnicity and, as a result, the reception is lukewarm," he said. Nor does the declaration made by Mr Radovan Karadzic, the Bosnian Serb leader, after the suspension of the talks on Saturday hold out much hope that he will prove more flexible in the future than in the past.

While promising that he and his political colleagues would try to find "the possibilities for further compromises", he claimed that the Bosnian Serbs had made the biggest compromises so far. Moreover, he warned that, if US President Bill Clinton's threat to tighten

they did not stop fighting was carried out, "we would leave the conference".

It is virtually certain that Mr Izetbegovic will return to New York with more demands for territorial adjustments to the provincial map, which are likely to prove unacceptable to the Bosnian Serbs.

Following the acceptance last week by the Bosnian Moslems of the ceasefire and mili-tary disengagement provisions of the proposed peace settle-ment, the mediators pulled out all the stops to persuade Mr Izetbegovic to endorse their map. If he hed, it would have left Mr Karadzic as the only leader of the warring parties not to have endorsed it, and thus much more vulnerable to international pressure.

The mediators' tactic of isolating Mr Karadzic, as they did earlier in the negotiations when he was ultimately "persuaded" by President Slobodan Milosevic of Serbia to accept tha new constitutional framework for Bosnia, has thus been

view, showed that he was counting on the plebiscite to strengthen his mandate for radical reform. Yeltsin and his main rival. Mr Ruslan Khasbulatov, par-liament chairman, have been exchanging verbal blows for weeks as a struggle between

the executive and legislative anthorities has intensified, This week's emergency Congress, due to open on Wednes-day, could bring the conflict to a head. Conservative deputies are expected to renew efforts to trim Mr Yeltsin's powers. Many oppose the referendum, which they warn could destabilise the country further and



Communist disguised as a medieval knight joins yesterday's Red Square protest by supporters seeking to oust Boris Yaltsin

even lead to its disintegration. Yeltsin called for unity to resolve a crisis whose roots he said lay in the contradictory constitution inherited from the Soviet era.

"I have become convinced that it is not those on the right, nor those on the left. nor the centrists, nor the communists, nor the democrats who can save Russia...We need consensus among parties and organisations," he said.

Yeltsin even held ont an olive branch to communists, whose party be once outlawed. "There are also healthy com-

munists who support Rossia and its revival and accordingly do not want to wage a confrontational struggle," he said.

Conservative deputies are worried that the president might call upon the armed forces to back him if he does not get his way in the Congress. Bnt Defence Minister Pavel Grachev vowed at the weekend that the army would stay nentral in the conflict.

The army ... will not participate in political games. That would be dangerous," Mr Grachev told Rossiskiye Vesti

US preparing aid measures to bolster Russia

THE US is working on aid measures to get the process of economic reform in Russia back on track and at the same time bolster the political prospects of Russian President

President Bill Clinton has promised to offer specific 'innovative solutions" at his meeting with Mr Yeltsin in Vancouver next month, and officials are working on plans for loan guarantees to help huild housing for redundant Russian troops, as well as an enterprise fund to aid entrepre-

At the same time, US farmers are pressing for an urgent settlement to Russia's debt problems, which have halted sales of their grain under a government-guaranteed credit

Russia is more than \$400m in arrears in payments on these US grain credits, although it made a token \$15m payment last week. A full solution, however, depends on reaching a broader agreement to reschedule all of Russia's ontstanding debts to the Paris Club of creditor countries.

This rescheduling has been held up, in part because of a dispute hetween Russia and Ukraine over how to divide responsibility for dehts incurred by the former Soviet Union, Negotiations have been stalled since an offer from the Group of Seven leading industrial nations in December to reschedule over \$15bn of past official debt, cutting Russia's debt service obligations this year from \$12bn to \$2.75bn.

While the Russian debt question was discussed at last week's meeting of the G7 finance ministers, treasury officials give every appearance of being baffled on how to proceed.

The Clinton administration is considering setting up a direct food aid programme to replace the grain credits, and memhers of Congress from farm states have come up with a number of other imaginative solutions, such as the proposal from Mr Dan Glickman of Kansas to swap Russia's nuclear weapons for forgiveness of its entire debt to the US.

Mr Clinton's outline budget proposals would increase aid to Russia and the other former Soviet republics to \$700m from \$417m this year, while at the same time cutting or freezing most other US foreign aid programmes.

He also appealed strongly for more aid for Russia in recent

The new president has also been consulting one of his pre-decessors, Mr Richard Nixon, who last week called on the US to exert some leadership over the other G7 nations in order to win a deht rescheduling agreement, persuade Japan to stop making its aid conditional on a return of the contested Kurile islands, and prop up Mr

Although the State Depart-ment last week disavowed the prediction of Mr Richard Armitage, who had been in charge of US aid to the former Soviet republics, that Mr Yeltsin would not last long in power many US officials privately consider Mr Yeltsin's prospects

Criticism stings Brussels into support for air-drops

By Lionel Barber and David Gardner in Brusseis

THE European Commission is trying to push member states into active support for US airdrops of bumanitarian aid to besieged Moslam enclaves in eastern Bosnia-Harcegovina. Mr Hans van den Broek, EC commissioner responsible for external political relations, told the Financial Times that support could extend to making available EC supplies of food and medicine for delivery by

The proposal is expected to be discussed today at a meeting of EC foreign ministers in Brussels, along with the question of whether to tighten sanctions on Serbia.

When the US canvassed Nato allies at the end of last month for support for the air-drop, EC

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Financini Times (Scandianvia) Vimmelskaftel 42A, DK-1161 Copenhagen-K, Depmark, Telephone (33) 13 44 41. Fax (33) 935335.

states axpressed lukewarm support for Washington's initiative and withheld practical contributions, preferring instead to continue with their efforts to deliver aid through land convoys under UN aus-

The EC has been stung by criticism that it has not done enough to relieve suffering in the former Yugoslavia, and that its role as tha largest supplier of bumanitarian aid has been overshadowed by the high-profile US air-drops.

Mr Manuel Marin, EC commissioner in charge of human-itarian aid, unveiled last week a new Ecu60m (£49.6m) package for the former Yugoslavia one quarter of tha total aid the Community expects it will have to provide this year. The EC has already delivered Ecu290m in aid since the onset

of the crisis. Mr Van den Broek's call for a closer association with the US air-drops is based on the condinate its efforts with the US - and Russia - if more permanent solutions to tha con-

Mr Van den Broek said that, in the event of a peace plan being agreed, the EC, the US and Russia should be involved in making such a political set-

tlement stick "with all accompanying military elements". Senior EC diplomats said last week that if the peace plan drawn up by Lord Owen and Mr Cyrus Vance under EC/UN auspices collapsed, there would be a progressive tightening of

sanctions against Serbia. But if a deal is struck, the focus will move rapidly to the issue of enforcement.

The diplomats make clear there is a growing likelihood that Nato will take the leading role in policing a deal. One ambassador said: "The Idea of involvement by the alliance in policing [any agreement] is ris-ing steeply up."

The same diplomat also noted that France was playing an active role in Nato's defence planning committee for former change which is extremely encouraging".

German influence in Nato in 'rapid decline'

GERMANY'S influence in Nato bility is being questioned, and it no longer deserves special treatment now that the cold of staff, said yesterday, writes

in UN peace-keeping and con-

ciliation operations. They coincide with remarks by Mr Hans Dietrich Genscher, the former foreign minister, who yesterday told the Welt am Sonntag newapaper that the country's soldiers had the right to know about cuts in personnel as well as future

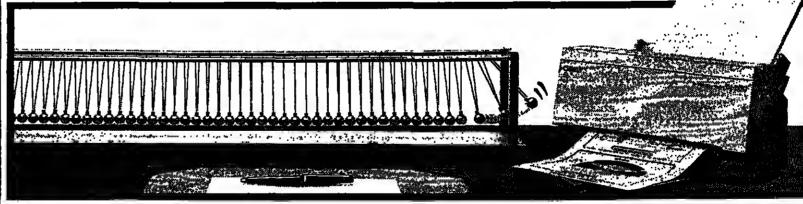
Bundeswehr operations are restricted by the 1949 constitution, which limits German troops to operations on Nato

is rapidly declining, its crediwar is over, General Klaus Naumann, the country's chief

Judy Dompsey in Berlin. His comments follow debate among the country's political parties about how far the Bundeswehr, or armed forces, should become involved in activities outsida Nato territory, as well as playing a role

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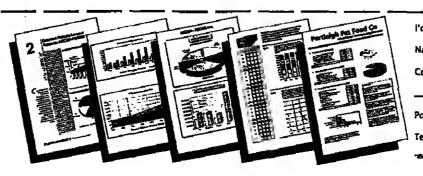
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Banks' Bombay exposure raised

By Stefan Wagstyl in New Delhi

THE total problem exposure of banks involved in the Bombay securities market scandal is Rs40.2bn (£873.9m), or Rs4.8ho larger than originally estimated, according to a report published at the weekend by the Reserve Bank of India, the central bank.

The reserve bank, in its fourth report on the affair, raised its estimate after months of investigations of the books of banks and stockhrokers involved in the scandal. The affair, which erupted last April, has prompted the resignation of a cabinet minister, the arrest of about 20 peoe and heavy losses for some banks, including Standard Chartered Bank of the UK.

The hanks lost money mainly through extending credit to brokers in the fastgrowing and lightly-supervised inter-bank securities market. The four foreign banks most active in the market were Citi-bank and Bank of America of the US, ANZ Grindlays and Standard Chartered.

The report published at tha weekend confirmed previous findings that banks knowingly evaded reserve bank guidelines

in the stock market - both for banks' own accounts and for

clients. The report concentrates on the roles of Standard Chartered and ANZ Grindlays, having singled out the two American-owned banks for detailed treatment in an earlier study. The investigators say Standard Chartered surrendered discretionary control of funds to Mr Hiten Dalal, a hroker, in return for guaranteed returns on their money. The report says the arrangements were made in full knowledge of senior management at Standard Char-

"Standard Chartered has been carrying on its securities transactions in total contravention of reserve bank guidelines and in violation of the norms of prudent hanking," says the reserve bank, in one of the strongest criticisms contained

Standard Chartered has previously admitted hreaking guidelines and violating prudential norms. It has put the hlame principally on relatively junior executives and on inadequate supervision by their immediate superiors.

Grindlays for its part was closely involved with Mr Harshad Mehta, another important Big Bull for his perpetual opti-

The report says the extent of Grindlay's connection with Mr Mehta was camouflaged by the fact that payments from other banks were deposited directly into Mr Mehta's acconnts at Grindlays without specific instructions to do so. This cre-ated the impression that the transactions involved banks only, whan in fact thay involved Mr Mehta.

All four foreign banks named in reserve bank reports have moved senior managers out of India since the scandal

The leader of Australia's conservative Liberal/ National party coalition, John Hewson, dumps rubbish he collected yesterday from a Sydney beach as part of Clean Up Australia Day. Mr Hewson received a blow to his hopes in next

Saturday's federal elections when he lost a televised debate with Labor's Paul Keating, Kevin Brown reports from Sydney. Mr Keating won 54 per cent of votes cast by a studio audience compared to Mr Hewson's 33 per cent.

S African parties in pact on talks

By Patti Waldmeir

WHITE and black politicians in South Africa have agreed to resume constitutional negotiations within a month.

Agreement was reached, however, only after a preparatory conference in Johannes-burg at the weekend agreed to postpone consideration of all potentially contentious issues: a sub-committee must resolve them before the talks can begin. Problems remain over such vital issues as how the talks should be structured, who should attend, who should chair them and what

they should be called. Several delegates stressed that the mainly Zuin Inkatha Freedom party, which often proved obstructive in a previous round of multi-party talks, demonstrated what one ANC delegate called an "unusual degree of conciliation".

goodwill and co-operation characterised the closed-door sessions of the two-day talks, which brought together tradi-tional enemies such as the white supremacist Conservative party and the black radical Pan Africanist Congress

for the first time. Discussion of constitutional issues, such as whether South Africa should be a federal or nnitary state, was also deferred. Delegates to the con-ference, attended by some 26 political parties from right and left, said the aim was to avoid confrontation in the weekend plenary, and merely to set a deadline (April 5) before which talks must

The talks provided evidence of the gap between the 26 parties on constitutional issues, such as the form of the future state, and on the the process of constitution-making.

Failure on IMF deal puts Kenya's reform at risk

BOLD STEPS by the Kenyan govarnment to liberalise its economy were in leopardy at the weekend after international Monetary Fund officials left the country without agree-ing a provisional deal that would pave the way to the restoration of foreign aid.

The IMF departure came at the end of three weeks marked by the most radical reform of the economy ever carried out by the embattled government of President Daniel arap Moi. A positive verdict from the was seen as crucial for

Kenya to regain desperately needed quick-disbursing foreign aid worth about \$40m (£28m) a month which was suspended in September 1991 because of the government's long record of unfulfilled promises, mismanagement and cor-

The government has said

that without the urgent sector. The central bank said it resumption of aid the reforms. including foreign exchange liberalisation, reduction of price controls and resumption of measures to free the farm sec-tor, will be unsustainable.

However both donors and the IMF, who welcomed the measures, have warned further steps would have to be taken urgently to curb monetary liquidity and avoid the mount-ing risk of massive currency depreciation, hyper-inflation and possible social unrest among the urban poor.

The government has said that donors are asking them to plunge into uncertainty without promising an injection of foreign exchange to sustain the

On the eve of the IMF visit three weeks ago the government removed exchange controls, leaving the exchange rate to be set for commercial transactions by the banking

would still operate a foreign official rate for government imports, official debt service and publicly guaranteed debts. The government also

announced the complete liberalisation of the wheat trade from the producer to the con-sumer and a relaxation of price controls on other commodities. "More has been achieved in the previous three years," said

one western donor. Since the liberalisation the shilling has depreciated more than 50 per cent against sterling. Monay supply growth mostly in the last six months, as a result of corrupt commod-ity and foreign exchange trading activities and the injection of money for election campaign

finance. Inflation in the past

four months is estimated at 40

Afghans sign peace accord

By Farhan Bokhari In Islamabad

AFGHANISTAN'S rival mujahideen leaders shook hands and embraced in a rare show of goodwill yesterday, as leaders of seven factions and Mr Burhanuddin Rabbani, the president, signed an agreement to end factional fighting.

Mr Nawaz Sharif, Pakistan's prime minister, played host and acted as the principal negotiator during the six-day talks.

The agreement brought Afghanistan's two leading foes together. President Rabbani and his chief rival, Mr Gulbad-

LEGAL NOTICE

din Hekmatyar, shook hands and sat down for face-to-face talks, their first such meeting in more than six monthe. Under the agreement, Mr Rabbani will remain president

for 18 months while Mr Hekmatyar will assume office as prime minister. However. the leaders were unabla to decide the most divisive issue of allocating cabinet posts, and agreed only to form a new cabi-

net in 15 days.

The future of Afghanistan's powerful defence minister, Mr Ahmed Shah Masood, and that of the powerful Uzbek general, Rashid Dostum, also remains uncertain.

Mr Hekmatyar has been demanding that Mr Masood should be removed from tha Defence Ministry, because both he and President Rabhani belong to the same party.

In the agreement, there were no clear provisions for including Gen Dostum in the government or for any high offices to be given to his party, the Junbish-i-milee, to gain his sup-

At least 5,000 people have been reported injured and hundreds killed in rocket attacks on the capital, Kabul, launched by Mr Hekmatyar's men, since beginning of the year.

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Everyone in business should read the Software At Work Survey, published Thursday March 11. It's a user-friendly, 24 page guide to state-of-the-art software and its applications to business. The Software At Work Survey, Free with next Thursday's FT.

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CONTRACTS & TENDERS

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Notice is benefy given pursuant to Soction 48(2)
Insofevency Act 1936, that a meeting of the
amecaned creditors of the above-manned company
will be held at the offices of Coopers & Lybrand,
Orchard House, PO Boo No 262, 10 Albien
Place, Maidstate, Kent ME14 5DZ on 16 March
1993 at 10.30 am for the purpose of having ladd
before it of copy of the report prepared by the
Administrative Receivers under Section 48 of the
raid Act. The meeting may, if it thinks fit,
establish a constmittee to exercise the functions
confirmed on creditors' committees by or under
the Act.

the Act.
Creditors are only emitted to vote if:
(a) They have delivered to me of the address shows above, no later than noon on 15 March 1993, written details of the debts they claim to be detected to them form the company and the claim has been disly admitted under the provisions of Role 3.11 of the lensivency Roles 1986, and
(b) There has been ledged with me any proxy which the creditor intends to be used on his or be leaded.

which the creditor method to be used on mit or her behalf. Pleuse note that the original proxy signed by or on behalf of the creditors must be ledged at the address mentioned; photocopies (including function) are not acceptable. Signed: 19.1 Vacaght Joint, Administrative Reserver Dente L. March. 1997. Dated: | March 1993

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Pyrdi & Junes Limited intered number: \$50739. Name of business raral Buildons. Trada classification: 23. Date appointment of Administrative Receivers: 24 reary 1993. Nume of person appointing the chimicative Receivers: 14 Vooght Cuttles to the person appointment of the Receivers: 14 Vooght (cuttles ten anniver 6339) T. R. Harris (office holder the 2139 Course & Livinad. PO Box 1600 pt. 2139 Course & Livinad. number 2129) Coopers & Lybrand, PO Box 262, Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ

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TENDER FOR TRANSPORTATION OF CHUDE OIL FROM MIDDLE EAST GULF PORTS TO KARACHI

Maximal Tanker Co., (Pvt.) Ltd., a Government of Pakistan Enterprise, unities offers for transportation of Crude Oil from Middle East Suff Ports to Karachi, Pakistan under a Contract of Altreightment. The period of the Contract of Altreightment will be one year from 1st June 1993 to 31st May 1994. Total quantity to be transported during the period will be 1.8 million metric tons 4/- 19% in cargo lots of 50,000 to 75,000 tons at approximately evently spread intervals.

Companies must have experience of satisfactority transporting crude of to Karachi (not through son charlering) from 1978 (i.e. sice Karachi Port Trust G2 Pier GP-1V came into operation) orward and must sixe have in their ownership or management at least two (2) tankers of LR-VLR-2 excee The tankers must meet the following requirements:

Be staunch and seaworthy and fully classed as Lloyds A1 or equivalent conforming to SOLAS and MARPOL.

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Details of major intigations if any and their results/present position.

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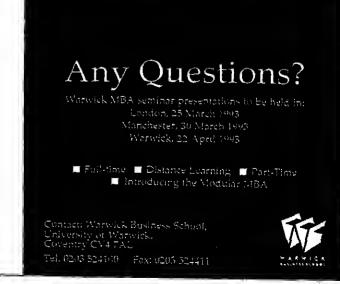
re, National Tanker Co., (Pvt.) Ltd., 3rd Floor, PNSC Building, M. T. Kan Read

Regional Representative, Pakistan National Shipping Corporation, 450 High Road, Word IG e. Palusten National Shoping Corporation, 24th Floor, 21-West Street

York, ny 10446 nonal Repusentalive, Palistan Metional Shipping Corporation, Room 2006, 29-1 Clar urces Building, 26 Harbour Road, Wan Chai, Hong Kong anal Representative, Palistan Harbonal Shipping Corporation, Cho. Mys Rava Hassan, P./

The test date for submission of the lander buts is 22nd March, 1983 as per ta

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Kanemaru quizzed on 'tax evasion' | Second

By Charles Leadbeater in Tokyo

MR Shin Kanemaru, the disgraced former kingmaker of Japan's ruling Liberal Democratic party, spent yesterday being questioned hy proseco-tors in Tokyo's criminal detention centre, after being arrested on Saturday for alleged tax evasion running to several hundred million yen.

Mr Kanemaru's arrest came honrs after the Diet'a lower house passed the 1993 budget. paving the way for the government to draw up further measures to stimulate the flagging nomy. The opposition parties had been delaying the hndget with calls for an income tax cut and further investigation of the Tokyo Sagawa Kyubin scandal, which led to Mr Kanemaru's resigna-

tion last year. Some political analysts believe the prosecutors' deciaion to arrest Mr Kanemaru may reflect the government's decision that further action against him was necessary to still the opposition's campaign on the Sagawa scandal. The Tokyo prosecutor'a office, widely criticised for failing to interview Mr Kanemaru in person last year over the scan- are often the foundations for dal, also wants to restore its battered public reputation.

Mr Kanemaru, who was head of the then-dominant faction within the LDP, resigned last October after being fined Y200,000 (\$1,724), following his admission that he received an illegal political donation of Y500m from the scandaltainted Tokyo Sagawa Kyubin trucking company.

Mr Kanemaru, 78, was arrested over allegations that he concealed income of np to Y800m between 1987 and 1989. Mr Masahisa Haibara, his private secretary, is alleged to have concealed income of abont Y400m hetween 1987

Leading LDP politicians, including Mr Kiichi Miyazawa, the prime minister, said they were dumbfonnded by the arrest, which probably owes much to the influence of the recently-appointed justice minister, Mr Masaharu Gotoda, a proponent of political reform. The political impact of the arrest will not be clear for a few days. It may work to the government's benefit by laying

to rest the Sagawa scandal, or

could once again highlight that financial irregularities

power in Japanese politics. The passage through the parliament's lower bouse of the Y72,350bn budget for 1993 means it will antomatically become law within 30 days.

The focus will immediately shift to the government'a plans for a further special spending package to stimulate the economy. In August last yaar, the government announced a Y10,700bn package of public works spending and measures to support the stock market.

Leading business organisations, as well as the opposition parties, are pressing for an income tax cut of Y4,000hn-Y5,000bn. But the LDP and the werful Pinance Ministry are as yet opposed, hecaose although a tax cut may generate only a limited rise in consamption, it would require higher government borrowing through issuance of deficit financing bonds.

Ministries and lobby gronps are likely to put forward a nicthora of schemes in the next few weeks. The Ministry of International Trade and Industry is

Ministries' battle will decide trade line

advanced telecommunications networks and computer equip-ment for schools and universities, to help the ailing elec-

direct subsidy to the industry Finance Ministry officials want the package to focus on public works speoding, bousing tax credits and investment



Shin Kanemaru: arrest dumbfounded prime minister Miyazawa

Ministry opposes this plan, which officials regard as a drawing np plans for an investment programme in

By Charles Leadbeater.

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BEHIND the facade of Kasumigaseki, Tokyo's civil service area and the government heart, a fight is under way to reshape the most sensitive aspect of Japan's most important international relationsbip - its trade policy towards the US.

Japan's approach to the Clinton administration when Premler Kiichi Miyazawa visits Washington in mid-April will be determined by the outcome of the atruggle betwaen Japan'a bureaucratic big bat-talions. The fight to refashion policy towards the US has pitted the Ministry of International Trade and Industry against the Foreign Ministry, and, equally significantly, the Finance Ministry and the Bank

They all welcome Mr Clinton's plan to cut the budget deficit, but are at odds over some vital aspects of trade policy. Miti wants policy towards approach to trade issues, a

shift from a policy based on special considerations for forelgn demands to a rule-orlented approach. Mr Noboru Hatakeyama, Miti

vice-minister for international affairs, believes the US administration could improve trade relations in the long run. An attack on the US federal budget deficit should help cut the US trade deficit, while the administration'a industrial policy should help raise US industry's competitiveness.

He stresses it is too early to judge the new administration's trade policy, which so far seems cautious. The antidumping decision against steel imports was inherited from the Bush administration and the new administration bas refrained from raising import tariffs on mini-vans. But Tokyo is still braced for US demands for Japan to open its market. Miti favours stimulating the Japanese economy to cut the surplus by creating more demand for imports. It says it

First, the Foreign Ministry argues that a "rule-governed" policy which attempts to settle trade disputes through formal procedures will sound evasive in Washington. A ministry official said: "You have to address some issues directly. Everyone is fed up with the Structural Impediments Initiative talks. We have to look for a new

such as cars or computers, to a

specified level of imports. But

this approach is hitting opposi-

tion from two different areas.

mechanism. We have not yet reached consensus on what that should be." One option considered by the Foreign Ministry are two parallel sets of hilateral talks, one for macroeconomic issues, the other for micro-issues such as measures to open Japanese markets to imports. Trade friction with the US has a strategic significance for the Foreign Ministry. The end of the cold war has removed the main rationale for the US-Japan security alliance. As a result, the alliance is more vulnerable to being dissectors of Japanese industry rupted by trade frictions.

Mr Katsunari Suzuki, in charge of policy planning at the Foreign Ministry, said: "If the imbalance continues, then US public support for the defence of Japan will erode. It is most important we work with the Clinton administration to atrengthen the US ecooomy because then US public opinion will be more magnanimous about supporting Japan

in times of need Second, Miti faces equally powerful opposition from the Finance Ministry and the Bank of Japan. Their worry is economic. They fear an attempt to reduce the trade surplus hy stimulating the domestic economy's demand for imports will provoke a renewed hout of inflation in two or three years. Financial experts think the bubble economy of the end-1980s was set off by economic policy in 1987, when the gov-ernment introduced a Y6,000bn (\$35.5bn) emergency spending package, partly in response to foreign pressure, when the economy was out of recession.

Mr Kosuke Yamamoto, who

was in charge of industrial policy at Miti at that time, explains that Miti's ability to mobilise husiness and political pressure forced the Finance Ministry to double the size of the package from the initial Y3,000bn. The financial authorlties are determined not to make the aame mistake again.

Mr Yasushi Mieno, Bank of Japan goveroor, commented: 'An imminent need exists to put the economy on a sustainable growth path to get rid of the cyclical component of the surplus. Higher growth will to some exteot cut the aurplus, but a significant amount will remain. If that is dealt with by macroecocomic policy, that could be very inflationary."

The implication is that the structural component of the surplus needs to be dealt with by microeconomic measures targeted at specific industries. When Mr Miyazawa lands in Washington, he should be singing a tune his officials have agreed. But that will be the outcome of a painful battle yet to peak in Tokyo.

Korean minister set to go

By John Burton in Seoul

THE expected departure of a second minister from the 10day-old cahinet of South Korean President Kim Young-sam highlights the issue of corruption that his new administra-tion has promised to fight.

Ms Park Yang-sil, minister of health and social affairs and one of three women in the cabinet, is expected to he dismissed today for allegedly engaging in illegal property speculation. At the weekend, Mr Park Hee-tae, justice minis-ter, resigned for allegedly taking advantage of a foreign-citizen loophole to get his US-horn daughter admitted to Seoul's highly-competitive Ehwa Woman's University.

The newly-appointed mayor of Seoul, a presidential appoin-tee, was aacked last week for allegedly illegally developing land in a "green zone" surrounding the city. Mr Kim has made clear he is determined to root out the corruption that is pervasive in Korean society. But the sackings are emharrassing, since the cahinet was billed as strongly reformist, consisting of political outsiders who would challenge the status

The charges against the cabinet ministers are emotive ones in South Korea. There is public resentment against those who made fortunes from the property boom of the late 1980s. Ms Park is alleged to have avoided government curbs on property acquisitions by making the purchases using the name of her children. She denies wrong-doing.

NY bomb site probe must wait

NEW YORK police and FBI say it could be another week before thorough investigation of the bomb crater under the World Trade Centre complex is possihle, because of structural repairs required, Nikki Tait writes from New York.

Yesterday, bowever, there were indications that the site where a slxth victim of the blast might bave been killed, had been found.

Anti-dumping study sidelined for 90 days

Nancy Dunne on the latest move over a political embarrassment

THE Democratic chairman of (which are traditionally strong the international Trade Commisaion has sidelined for at least 90 days a cootroversial study of the US anti-dumping and countervailing duty regime and its impact on the

American economy.

Mr Don Newquist, head of the agency which determines whether US companies have heen injured by alleged dump-ing and sobsidies, has written to Mr Mickey Kantor, US trade representative, asking him to confirm that the new administration of President Bill Clinton wants the study to go ahead. He claims that hudget pressures, and questions from a congressman, have prompted

his call for a review. Mr Jim Kolbe, a Republican congressman, has written to Mr Kantor to protest against Mr Newquist's "unilateral decision" to delay the study. He has complained that Mr Newquist has misconstrued comments he had made to justify delaying the investigation. He claims that Mr Newquist's etter does not properly reflect the fact that he was highly supportive of it.

Mrs Carla Hills, the former trade representative under President George Bush, waited until five days before she left office to ask the ITC to mount tbe two-year study of the effects of "unfair trade" cases on the consumers, producers and workers.

Mrs Hills' timing remains a mystery, Just eight months before leaving office, she specifically omitted the issues of dumping and other "unfair trade" from a study on the economic effects of American import restraints.

She is likely to have been well aware that a study into the effects of dumping would be potentially embarrassing for President Clinton, pitching powerful domestic industries such as cars, steel and textiles

Democratic supporters) against US exporters and consumers, all of whom have to pay higher prices because of such

Many foreign companies and trade lawyers in Washington see the laws as inherently hiased against foreign defendants.

Mr Newquist has said he will take up the investigation if he does not hear from Mr Kantor in 90 days.

Otherwise, be will follow the trade representative's recommendation.

He said the commission was facing personnel and hudget reductiona in conjunction with tbe administration's attack on the budget deficit. Mr Kantor. as one of the few officials who can order ITC investigations, was asked to comment on the requested study "in light of our resources... and the other priorities you may have".

Among those "other priorities" are studies on trade in mackerel and durum wheat, and recent investigations of magnetic switches, the peas and lentil industries, and the trade in meat and live cattle with Canada.

The political implications of the study will not be lost on Mr Kantor, who was the president's campaign chairman and frequently expressed sympathy with "the people standing on the unemployment line" who bave no interest in "abstract lectures about the value of free trade and exports".

Mr Kantor's recent com ments suggest he regards the US dumping and countervailing duty regime as providing "a fair hearing process". He said recently: "Forty nations of the world have dumping laws; I would say the US process, both in terms of fair bearing and transparency, is probably as good as or better than any

City 'did not fall'

government to complete victory in sources yesterday denied a Huambo, the main focus of Unita to have captured the key

The fighting is continuing said one source who denied Unita's claim to have captured the provincial governor's palace, the last main redoubt of government troops in Huambo, on Saturday.

made several previous claims

claim by the rebel movement renewed fighting between government and Unita forces over central city of Huambo, Reuter the past two months.

The official news agency

Angop carried an armed forces statement on Saturday night which said intense fighting was continuing in the city of half a million people.

be seen as accideotal, all five already rallying in support of military base, as every member bases in the Oakland district of each of the US armed services, their home bases. on the basis of which Mr Aspin of Congresa fought to avoid The cuts are expected to hit Congressman Ron Dellums, the

US navy proposes the closure of a third of its port bases

By George Graham

THE US navy is proposing a radical realignment of its port bases, offering to close about a third of its installations and concentrate on two main ports at Norfolk, in Virginia, and San Diego, in California.

The proposal is part of a list of proposed military base clo-sures presented to Mr Les Aspin defence secretary by will submit his own list to a presidential base closure com-

The independent commission

was set up as a way of circumof each individual closure.

venting the deadlock that ensued every time the Defence Department tried to close a cuts in his or her district. Congress is restricted to voting yes or no on the entire list instead

The process remains highly politicised, nonetheless, and members of Congress are

particularly hard in northern California, where the faltering economy would be further hurt by the proposed closure of a

In a move that is unlikely to new chairman of the House of Representatives Armed Ser-

vices committee and an advo-

cate of deeper cuts in defence

number of installations in the San Francisco Bay area.

spending, are understood to be proposed for closure. Another controversial proposal is the Homestead air

force base in Florida, targeted for closure until Hurricane Andrew devastated the area last year. Former President George Bush promised at the

time to keep the base open.

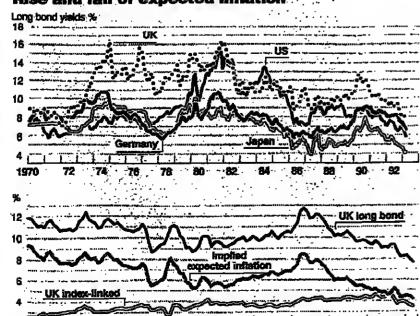
Other officials said Unita had

But this was issued three bours before Vorgan, the rebel radio statioo, said Unita forces controlled Huambo.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

	■ UNITÉ	D ST	ATE\$			E JAPA	N				GERN	ANY				FRAN	CE				WITALY					W UNITE	D KII	NGDO	И		
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85	9.0	8.9	8.00	10.58	na.	5.0	8.4	8.62	6.51	n.a.	4.3	5.1	5.45	6.94	n.a.	6.2	7.4	10.03	11.74	n.a.	13.2	13.5	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.	19
86	13.5	8.3	8.49	7.67	3.43	8.9	6.7	5.12	5.35	0.64	10.0	8.3	4.64	5.90	1.79	8.9	6.9	7.79	6.74	2.65	10.5	B.2	13.25	11.47	1,41	4.0	15.3	11.02	S.97	4.35	
37	11.8	6.5	9.82	8.39	8.12	10.5	10.4	4.15	4.64	0.55	9.0	7.3	4.03	9.14	2.21	4.1	8.9	8.26	2 45	2.75	10.4	9.a	11.32	10.58	1.94	4.7	14.a	9.77	a.52	3.60	1:
38	4.3	5.2	7.65	8.84	3.81	8.4	11.2	4.43	4.77	0.54	8.7	8.4	4.34	8.48	2.81	3.9	8.4	7.94	9.08	3.69	7.8	8.9	11.24	10.54	2.71	8.8	17.0	10.41	9.59	4.48 4.36	1
99	1.0	3.a	8.99	8.49	3,43	4.1	aa	5.31	e.22	0.48	6.3	5.7	7.11	2.94	2.22	8.1	9.8	8.39	8.79	2.68	7.1	a.2	12.41	11.81	2.46	5.8	17.5 19.1	13.96 14.82	10.30 11.53	5.07	1
90	3.7	5.3	8.06	8.54	3.60	28	11.7	7.82	8.91	0.65	4.5	4.5	8.49	8.71	2.11	3.6	a.o	10.32	9.92	3.19	9.3	9.1	11.98	11.87	2.84	5.3 2.4	8.2	11 58	10.04	4.97	19
191 192	5.8 12.4	3.3 2.1	5.87 3.75	7.85 7.00	3.21 2.95	5.2 4.5	3.6 0.2	7.21 4.28	6.37 5.25	0.75 1.00	5.1 7.1	5.e 8.2	9.25 9.52	6.44 7.77	2.38	- 4.7 0.8	2.7 5.7	9.62	a.03 a.57	3.58 3.55	7.3 a.9	ao 7.5	11.83 13.86	13.20 13.29	3.45 3.83	2.4	5.3	9 73	a.09	4.91	19
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d qtr.1992	11.7	1.8	3.95	7.37	2.97	5.7	1.2	4.56	5.63	1,04	8.4	7.9	9.78	7.96	2.26	- 1.8	4.9	10.04	8.66	3.39	9.7	9.3	12.58	12.82	3.43	2.0	5.3	10.28	9.21	4.78	2nd qtr.19
d qtr.1982	12.8	1.7	3.35	a.81	2.96	3.2	~0.0	3.90	5.10	1.08	9.9	8.8	9.72	7.68	2.53	- 1.0	4.a	10.58	a.90	3.67	a.o	e.9	12.14	13.83	4.02	2.3	5.3	10.36	9.21	5.21 4.64	3rd qtr.19 4th qtr.19
h qtr.1992	14.3	20	3.55	9.73	2.94	1.7	- 0.5	3.67	4.78	1.03	10.7	9.a	a.98	7.34	2.67	0.a	5.7	10.77	a 26	3.72	3.1	5.9	14.54	13.84	3.68	2.8	4.5	7.68	8.45	4.04	
arch 1992	11.4	2.5	4,29	7,52	2.94	7.5	1.8	4.84	5.51	0.93	4.9	7.0	9.70	7.94	2.25	- 1.8	3.9	10.12	8.58	3.31	7.4	7.4	12.10	12.59	3.49	2.3	5.8	10.87	9.66	5.04	1992 Mar
pril	11.9	2.1	4.04	7.47	2.97	7.0	1.a	4.59	5.68	1.06	6.a	7.6	9.75	7.84	2.26	- 1.4	4.5	10.04	2.67	3.37	a. 8	a .3	12.24	12.71	3.51	23	5.e	10.68	9.41	4.81	Ap
ay .	12.1	1.9	3.88	7.39	2.96	. 8.9	1.1	4.59	5.68	1.00	. 5.8	7.8	9.79	7.96	2.26	1,7	5.7	9.95	8.58	3 33	9.4	9,0	12.24	12,60	3.45	2.5	5.1	10.13	9.05	4.91	M
ane	17.1	1,4	3.92	7.26	3.00	3.2	0.9	4.4B	5.55	1.06	8.a	a .2	9.75	7.97	2.27	- 1.8	4.8	10.11	e.73	3.47	10.0	9 e	13.23	13.14	3.34	1.3	5.3	10.03	9.15	4.82	Ju
ıty	11.8	1.5	3.44	a.84	296	2.a	0.2	4.1a	5.26	1.10	5.5	8.4	9.78	8.01	2.37	-0.6	5.1	10.23	a.90	3.69	7.5	a.o	15.36	13.65	3.78	2.5	5.7	10.21	a.08	5.15	Ju
ugust.	12.4	1.7	3.37	6.59	2.95	3.7	0.3	3.75	5.03	1.12	6.1	8.7	9.68	7.99	2.60	- 1.e	4.9	10.39	a 06	3.71	5.4	6.5	15.27	13.71	3.84	24	5.5	10.43	S.37	5.33 5.14	Augu Septemb
ptember	13.5	1.9	3.24	9.41	2.96	2.9	- 0.5	3.74	4.99	0.98	8.3	9.3	9.50	7.65	2.52	1.0	4.8	11.12	8.75	3.81	5.1	9.1	17.82	14.14	4.35	2.1	4.8	10.54	8.18 a.68	4.83	Octob
tober	14.4	2.2	3.32	8.58	3.02	2.5	o.a	3.71	4,90	1.04	8.5	10.4	6.95	7.38	2.72	1.5	5.3	11.12	8.43	3.83	5.a	7.4	15.53	14.36	3.96	24	5.4	8.49	8.27	4.63	Novemb
vember	14.4	2.0	3.66	8.86	2.94	1.8	-0.5	3.65	4.78	1,05	11.2	9.7	6.94	7.38	2.66	- 0.1	8.0	8.77	8.14	3.70	2.8	5.9	14.53	13.48	3.48	3.0	4.4	7.32		4.49	Decemb
cember	14.2	1.7	3.67	8.75	2.67	1.1	-0.4	3.64	4.70	1.00	12.5	a.7	8.03	7.29	2.84	0.a	5.7	11.35	8.20	3.64	1.0	4.5	13.90	13.66	3.61	3.0	3.7	7.24 7.04	a.38	4.45	1993 Janua
musry 1993	13.4	1.2	8.26 3.18	6.59 6.26	2.87 2.80	. 2.4	-0.3	3.59 3.15	4.55 4.31	1.03	a. 5	1.1	8.39	7.10 6.94	2.58			12.19 12.12	7.83	3.58 3.40	2.3	5.4	12.73 11.51	13.46 13.03	3.26	4.1	3.2	6.23	7.97	4.36	Februs
ebruary			J. 10	0.20	2.00			J. 10	4.31	1.01			0.59	0.5	~~			16.12	r.ra	3.40			11.0	0.00	3.01			~~~			

Rise and fall of expected inflation



Good news being prophesied by the bond markets

ARE THE 1990s to be a decade of low lower, if briefly, in April and May 1987. belpful. It shows that real interest rates inflation? That is what bond markets seem to be saying. If they are right, what might it mean for the recovery? The timing of the bond market rally has

closely followed that of the business cycle. lt started in the US, where redemption vields on 10-year government bonds have fallen by 31/2 percentage points since March 1989 (see chart). It moved to the UK, where yields on 10-year gilts have fallen by more than 5 percentage points from their peak in April 1990. Finally, it hit Japan and Germany: Japanese yields have fallen by almost 4 percentage points since September 1990, while German ooes have fallen by 21/4 points over the same

The US and the UK have not enjoyed bond yields as low as these since the early 1970s. in better managed economies, current yields are less remarkable. German long-term rates of interest were 5.7 per cent in March 1978 and below current levels for part of the late 1980s. Similarly, Japanese long-term interest rates were

Furthermore, current rates must be set in their historical context. Long-term yields are still well above what had been normal in either the US or the UK before the inflationary 1960s and 1970s. Bond yields reflect the long-term real rate of interest, expected inflation and tax-

ation. The latter can be ignored, however, since so many bolders of long-term bonds avoid (or evade) tax. The long-term ex ante real rate of interest is determined by supply of, and demand for, investible funds. But the real rate of interest cannot be ascertained from

yields on conventional bonds, since infla-

tion expectations are unknown. Here British index-linked gilts can help. Under certain strong assumptions - perfect global capital market integration and the absence of credit and real exchangerate risks - the interest rate on British index-linked gilts would also represent the world's loog-term real interest rate. Although those assumptions do not hold,

can vary euhetantially over time. It also shows that British real interest rates have fallen by more than one percentage point over the past 12 months, presumably because of the recession-induced decline in investment opportunities and the real depreciation of sterling (which has lowered the exchange rate risk on sterling-denominated assets).

Nevertheless, the British data suggest that lower inflation expectations were absolutely more important than lower real rates of interest in causing the decline in nominal bond yields. For a tax-exempt British institution, expected inflation, as measured hy the gap between the yields on conventional and index-linked gilts, has fallen by nearly 4% percentage points aince early 1990.

If 31/2 per cent were, indeed, the global risk-free real rate of interest, expected inflation would now be around 3 per cent in Germany, 21/2 per cent in the US and 1/2 per cent in Japan. These low figures sugthe information provided in the chart is gest a high degree of confidence in the

prospect for inflation. Furthermore, the recent strength of stock markets - except for the Japanese market, which also remains rather expensive - does not suggest that fears of a slump are the main reason for that optimism over inflation.

One good reason for optimism about real economic performance is the low bond yields themselves. Regardless of the real interest rate, high nominal interest rates increase the cash-flow risks attendant on borrowing for the purchase of long-term assets. If they are sustained, low long-term interest rates can heip ensure healthy long-term investment throughout the upswing. But for that to happen, inflation expectations need uot only to be hut to remain subdued. The confidence of all those investors who believe that low inflation will survive the recovery is admirahle. But, particularly for those buying buge quantities of gilts from the UK government, it also represents the triumph of hope over painful experience.

Martin Wolf

Tories prepare for defeat on Maastricht

THE government was last night hracing itself for the possibility of a House of Commons defeat over Maastricht despite Mr John Major's public plea to Tory Euro-sceptics to end their rebellion against the treaty.

A defeat in the vote hy MPs tonight on a minor amendment tabled by the Lahour party would not derail ratification of the treaty. But it would undermine seriously the prime minister'a efforts to re-assert the government's authority at

Speaking at a Conservative conference on Saturday Mr Major said the party could no longer afford the "luxury" of disunity. That view was echoed in warnings from colleagues that important parts of the government's legislative programme were being derailed hy

the row over Europe.

Last night Tory Eurosceptics were unmoved by Mr Major's warning that failure to ratify Maastricht would leave Britain "irrelevant" in Europe. They still intend to vote tonight for

The amendment would tricht

tives on the Community's new committee of the regions were elected rather than appointed.

If carried, it would allow the Tory rebels and opposition parties to further prolong debate by introducing a so-called "report stage" into the legislation's passage through the Commons. That would allow the rebels more time to press their case for a referendum on the treaty and would further disrupt the government's other

Ministers were insisting that a defeat might yet be avoided. Tory business managers will this morning discuss the possihility of conceding the substance of the Labour amendment in advance of a vote in the hope of winning the sup-port of the Liberal Democrats and other opposition parties.

legislation.

in an attempt to increase the pressure on the Tory rehels, the ministers said yesterday that new laws to enforce tougher penalties on young offenders and to reform Sunday trading hours were among those facing delay because so much time at Westminster was being pre-empted by Maas-

Quality control fails to meet its own standards

By Charles Batchelor

BRITISH companies are paying thousands of pounds and spending hours of management time to qualify for a quality standard which appears to have a quality control problem of its own.

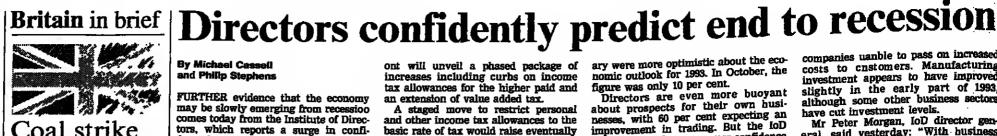
The BS5750 quality standard has already been obtained by about 17,000 companies. But it bas emerged that a loophole in the rules means anyone can award a BS5750, which certifies a company's internal procedures are properly organised.

organisations which issue and monitor BS5750 certificates are

not required to register with the National Accreditation Council for Certification Bodies (NACCB), an industry body which ultimately answers to the Department of Trade and Industry

"There appears to be absolutely no control over the organisations making the award," said Mr Stephen Halliday, principal lecturer in small husiness at Buckinghamshire

College of Higher Education. Two dozen organisations have been accredited hot the NACCB estimates that up to a dozen which have not registered are actively issuing cer-



Coal strike may hasten pit closures

Mr Michael Heseltine, the trade and industry secretary, has warned pit closures would be 'hard to avoid' if miners took strike action. This followed the announce

ment of a 60 per cent ballot vote hy memhers of the National Union of Mineworkers in favour of a 24 hour strike followed by a 'rolling programme of action' in protest at threatened pit closures and job cutbacks. The miners' vote is expected to strengthen the hand of those in the cabinet resisting moves to retreat from last October's government plans to shnt 31 pits.

Steel tenders helped by pound

Manufacturers of steelwork have seen invitations to bid for overseas work increase fifteenfold since sterling left the exchange rate mechanism last Autumn, according to the Brit-ish Constructional Steelwork

Unit labour costs decline

Unit labour costs in British manufacturing industry are expected to continue falling over the next few months with productivity increasing close to 4 per cent and pay settle-ments falling beneath 2.5 per cent, the Confederation of British Industry reported.

Shopping spree

Local ahopping is attracting significant amounts of trade. despite the spread of superstores and ont-of-town developments, suggests a report by Verdict Research, the market research consultants. It says spending in nelgbbourhood shops was £36bn in 1992 - one quarter of all retail sales.

By Michael Cassell and Philip Stephens

FURTHER evidence that the economy may be slowly emerging from recessioo comes today from the Institute of Directors, which reports a surge in confidence in Britain's boardrooms.

An IoD survey conducted among 305 UK directors will strengthen the conviction among ministers that Mr Norman Lamont, the chancellor, is preparing to announce in next week's hudget an increase in personal taxation. Speculation is growing that Mr Lamont will unveil a phased package of increases including curbs on income tax allowances for the higher paid and an extension of value added tax. A staged move to restrict personal

and other income tax allowances to the basic rate of tax would raise eventually several billion pounds. The optimistic economic outlook is

helped hy signs of a boost to exports following sterling's devaluation after its suspension last October from the European exchange rate mechanism.

The IoD says that just over half the directors asked in January and February were more optimistic about the economic outlook for 1993. In October, the figure was only 10 per cent.

Directors are even more buoyant about prospects for their own husinesses, with 60 per cent expecting an improvement in trading. But the IoD warns that, unless consumer confidence also rises, economic recovery will remain weak and fragile.

Most companies, the IoD adds, do not expect an upturn will reduce unemployment over the next six months.

Despite rising businass volumes, profit levels remain squeezed, with

slightly in the early part of 1993. although some other business sectors have cut investment levels. eral, said yesterday: "With husiness confidence improving, volumes of busi-

tionary pressures into the economy."

companies uanble to pass on increased costs to customers. Manufacturing investment appears to have improved

Mr Peter Morgan, IoD director genness rising and prices being held, the prospects for non-inflationary growth are good. It is now up to the government to ensure that no action is taken in the budget which introduces infla-

Japanese investment revives stalled industry

Plants set up by overseas manufacturers have boosted car output, writes Kevin Done



BRITAIN'S motor industry ls showing signs of revival after decades of dacune. The higgest single driving forca Can Britain hehind the

make it? recovery is the wave of investment - totalling more than \$2.1hn - by three leading Japanese carmakers, Nissan, Toyota and Honda.

New production lines and working practices bave equipped the UK to be the fastest growing centre for car production in Europe during the 1990s, and the industry is expected to move into trade surplus during the second half of the decade.

Mr Colin Hope, president of tha Society of Motor Manufacturers and Traders, says: "The prospects are for a doubling of production over the next S years.

"The motor industry represents the only real ability to wipe out our annual trade deficit and this we should do by the latter part of the decade,' Mr Hope believes the Jananese plants are the main factor behind the revival but he insists that existing vehicle makers and components suppliers are "playing a full part"

in the recovery. To Mr Jacques Calvet, the staunchly protectionist chairman of Peugeot, the French carmaker, the UK has become "a Japanese alrcraft carrier" leading the assault hy Japanese producers on the traditional carmakers in Europe. By the end of the decade the



Driving force: output from Japanese plants, such as the Toyota factory at Deeside (above), has been the main factor behind recovery

UK car industry - measured by output - will be owned one third by Japanese makers, one third hy the US and one-third hy the Europeans, although Honda also has a 20 per cent stake in Rover.

The arrival of the Japanese car producers is also helping to rejuvenate the automotive components sector. Parts and accessories account for around 45 per cent of UK exports of motor industry products. Japanese component suppliers such as Nippondenso, Calsonic and Sumitomo are now producing in the UK, but European suppllers such as Valeo, Robert

Bosch and Magneti Marelli have also established a UK manufacturing presence.

Professor Garel Rhys, professor of motor industry economics at Cardiff Business School, says the Japanese presence could help UK car production jump to 2.5m-2.8m by 2000 from 1.3m last year, with exports rising to 1.2m-1.5m from 600,000. The figures represent a sharp

turnround on the 1970s when labour relations were notorious and quality was often abysmal. The motor industry trade balance plunged into the red in 1982, and economic growth in the second half of the 1980s

sucked in more imports. The deficit swelled to a record £6.6bn in 1989 - 28 per cent of the UK visible trade

deficit. Since then, however, "the UK automotive industry has laid firm foundations for a strong future, even though we've still got a long way to go", according to Mr William Ehbert, chairman of Vauxhall, the resurgent UK subsidiary of

General Motors of the US. By the year 2000 the UK could have moved "from fifth to maybe third place in the European industry", he added, overtaking Italy and Spain. "The British industry is now

delivering quality products reliably, and in European terms, at low costs.

HEALTH CHECK

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The UK industry built 1.16m vehicles in 1982 with 315,000 people (including metal parts suppliers). By 1991 ontput had risen to 1.45m vehicles with a workforce of 216,000, he says, while motor vehicle exports rose from 327,000 in 1982 to nearly 690,000 in 1991.

Prof Rhys claims the industry, with Its competitive. improvements reinforced by currency devaluation, is "set to survive in the more competitive environment leading up to the new millennium."



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An increasing number of employers are insisting on smoke-free workplaces, writes Diane Summers

Abbey kicks the habit

n the first Wednesday morning of next month, Abhey National's 18,000 staff in the UK will collect their ashtrays and ritually dispose of them. From then on, not even senior managers in the privacy of their offices will be allowed a furtive puff, for the banking group has decided on a smoking ban for staff and visitors.

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Section Penning recovery

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A 2000年 (2011年)

Abbey National is the latest of a number of large employers to outlaw or at least restrict, smoking st work: an estimated 20 per cent of organisations bave smoking policles. For others considering the move, impetus came from the recent case of the council worker in the north-west of England who won £15,000 compensation for the alleged effects of passive smoking at work.

Veronica Bland, a 36-year-old nonsmoker, claimed her health suffered due to colleagues smoking around her. Following the case, the Instianti-smoking groups such as Action on Smoking and Health (Ash), were deluged by requests for advice from



botels and in aircraft, busy executives are exposed to it: a buman carcinogen so powerful it is ssified along with such notorious HEALTH CHECK substances as arsenic, ashestos

and benzene. After several decades of intensive research the evidence is that environmental tobacco smoke (ETS), or passive smoking as it is known, is a potential killer. Studies show it causes heart disease, lung cancer and chronic respiratory illnesses.

In the US alone, 58,000 deaths are attributed to passive smoking every year, making it the third highest cause of lifestyle-related deaths, after active smoking and

Most of the research on passive smoking since 1984 has demonstrated the causal relationship with

This same pattern of legal action, publicity and movement by employers, and in some cases governments towards restricting or banning

smoking has been seen in the US, Australia and elsewhere in Europe. The out-of-court Bland settlement has no status as a legal precedent, but many companies feel they no longer wish to risk the possibility of future claims. Public opinion has been gradually turning in favour of smoke-free working environments tion fits in with the image many companies wish to project.

ndividual addicts may intend to take advantage of No Smoking Day on March 10 to kick the habit, but for organisations wanting to give up smoking, the cold-turkey approach is unlikely to be effective. Unless much preparatory work has been done before Wednesday, a more realistic timetable might be to aim for No Smoking Day 1994. A year's lead-in was what Abbey National found it needed to intro-

duce its smoking ban. The group's

tions with some useful lessons on the practicalities involved. Ted Murpby, Abbey National's

group personnel manager, says the process has been evolutionary, with smoking banned in areas visible to the public for the past five years.

A working party was set up last March to review the options for developing a smoking policy which would "guarantee non-smokers the right to breathe smoke-free air but, where possible, take account of the needs of those who smoke". A questionnaire found that 80 per

cent of staff were non-smokers much the same proportion as in the UK population as a whole. Of the smokers, only 20 per cent smoked in their working areas and, sven among smokers, there was a preference for some restrictions on where smoking should be allowed. Nearly 60 per cent of all respondents thought there should he separate rooms for smoking. But Abbey National decided not to go the "smoking dens" route, mainly because it would have been impracticable in some locations, particu-



Stephen Smart, a treasury manager, has only a lew weeks left before Katie Poate helps impose the smoking

There is no point having a designated smoking area if it is not separately partitioned and ventilated an exercise Abbey National's premises department considered impossible or too expensive for some locations. Other companies, particularly those in single buildings or occupying purpose-huilt premises, bave found it easier to accommodate separate smoking rest areas.

The principle of consistency bas been applied throughout the hierar-

"If you're going to introduce a ban, it's simpler and cleaner to do it you draw lines based on status, you create warps in the policy that, in the end, undermine it," be says.

The final task was to help those employees wanting to take advan-tage of the April deadline to give up smoking altogether. Katie Poate, Abbey National's occupational bealth nursing officer, points out the company is not saying do not smoke, "but saying don't smoke at

A three-mooth warning of the ban has enabled many smokers on the staff to brace themselves for abstinence. Poate has given out a total of

Quit also runs courses and helps dividual smokers to give up. 102 Gloucester Place, London W1H 3DA. Tel: 071 487 2858. 35 who had died of non-cancerous and non-respiratory causes (heart attack was the most commoo cause

are available to those wanting to

For those who do not manage to

kick the habit by the deadline, at

least there will be only three days

Ash Workplace Services runs semi-

nars and publishes a handbook for

companies wanting to implement

smoking policies. 109 Gloucester

Place, London W1H 3PH. Tel: 071

try bypnosis or nicotine patches.

to go until the weekend.

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of desth) and independent interviews with survivors regarding occupational and smoking status. The researchers concluded that pathologic (possibly pre-cancerous) changes were higher in non-smoking women, married

Possibly the most incriminating link in the connection between ETS and disease came via the tobacco industry. In a survey, published by the American Journal of Public Health, of researchers who had received funds from the tobacco industry's Council for Tobacco Research, 99 per cent of respondents agreed smoking was addictive and 94 per cent helieved passive smoking was dangerous

Dr Michael McGannon The author is the medical director of the Insead Business Health course.

Family fun at the AGM

irectors who dread anoual meetings migbs learn something from NFC. The transport and logistics group has a strong tradition of employee share ownership. Following its 1982 sale by the UK government to a management led buyout, about 90 per cent of the company's 33,000 employees are sharebolders. As a result, the annual meeting has become as much s chance to inform and motivate employees as to resppoint the auditors.

This year's event, held last Sunday in Nottingham and attended by more than 1,000 shareholders, had the air of a friendly reunion rather than a business meeting.

Sbareholders travelling by car or in a group by coacb bad their petrol costs refunded. A creche was provided for young families and everyone was given a packed luncb. At the end of the meeting, after rousing speeches and congratulations to the management, sbarebolders were given questionnaires asking how tbe annual event could be

The meeting is also a forum to discuss future strategy. NFC's 1989 stock-market flotation, its diversification overseas and the appointment of a sharebolder director are all issues which bave heen aired in previous

This time one shareholder highlighted the plight of a former NFC employee fallen on bard times. James Watson, NFC's chairman, said that the NFC charitable foundation would look into the case, and was rewarded with a long round

Organising such large-scale events is not cheap; NFC spent about £65,000 on this year's meeting. For the future, Watson wants to attract even more sharebolders and believes other companies would benefit from following NFC's lead.

"Our sharebolders do feel they have a role in the business, and I would like to see other companies going that way, however they are owoed," be said.

Angus Foster

An active 'no' to passive smoking

fatal diseases - not least the review in 1986 by the US Surgeon General and the National Academy of Sciences. Critics (including those from the scientific community) often cited investigator and other bias in attempts to discredit that work, but they have since been confronted by more meticulous

In 1991, an article published by the American Heart Association presented data which revealed passive smoking lowers exercise capacity in both healthy and coronary patients, a hallmark of impaired coronary circulation. Among other immediate effects of passive smoking is the increased clumpiness or stickiness, of clot-forming cells (platelets) in the blood. This plays an important

role in plaque and clot formation

in coronary circulation. Passive smoking also causes an oxygen supply/demand imbalance by increasing heart rate and blood pressure and interfering with oxygen uptake by the red cells, thereby reducing supply.

One researcher exposed healthy young women to pure air contaminated with tobacco smoke while the subjects exercised on a treadmill. The results in beart rate, blood pressure, exhaustion, perceived exertion and oxygen nptake were similar to patients with heart disease.

Of the 4,000 or more substances identified as carcinogenic, atherogenic (plaque forming), antigenic (allergy-forming) and mutagenic in tobacco smoke, all those implicated in causing heart disease and lung cancer in active

smokers were found in ETS as well. In an earlier Danish study of pregnant women - s study of the ultimate passive smoker, the foetus - marked degenerative changes were noted in the nmbilical arteries of newborns of smoking women. The weight of the "smoking

newborn" was, on average, nearly 500g less than their oon-smoking counterparts. Children are better off with non-smoking parents: toddlers under the age of one have significantly more bronchitis and other respiratory illness when one or both parents smoke. As the child

grows, exposure to passive smoking in the home will lower lung capacity, predisposing the child to lung illnesses later in life. At the office, ETS levels are higher than in the bome, due to

the higher density of smokers. Employers are getting the message and are justifiably coocerned with maintaining productivity and containing bealth care costs and absenteeism. Insurance Industry studies indicate smokers are more likely to have higher health costs and more sick days than

A careful analysis of health claims and absentee data of passive smokers is the critical next step.

noo-smokers

The link between ETS and lung cancer was claimed in research from the Harvard School of Public Health published last autumn in the Journal of the American Medical Association, Those involved used clever innovations to overcome investigator bias: autopsy lung specimens of several bundred non-smokers aged over

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US recovery concerns in the spotlight

THE US economic recovery comes under the spotlight this week. Although last week's nonfarm payroll figures were much better than expected, there is a belter than expected, there is a feeling among economists that growth has slowed significantly since the beginning of the year following the spurt of activity that accompanied President Clinton's election.

Retail sales on Thursday are expected to reflect the deceleration of growth with the consense.

lion of growth, with the conser sus forecast pointing towards only a modesi locrease lest month.

Economists will elso be Economists will elso be looking for signs that US inflation is under control wheo the producer prices index is released on Thursdey. Mr Stuart Parkinson, International economist at Morgan Grenfell, believes there is too much complacency about US inflation.

"People are assuming it is People are assuming it is

going to go ewey, but all the January inflation figures were bad," be says.

In the UK the focus will be on Thursday's Confederation of Brit-

ish industry quarterly distribu-tive trades survey, expected to show e modest improvement io consumer activity.

On Friday the savings ratio for the fourth quarter of last year

will be published. This is forecast to have fallen by almost a full percentage point, reflecting lower interest rales. Here are the rest of the week's economic events and statistics.
The figures in brackets, from

The figures in brackets, from MMS International, are the median of economists' forecasts.

Today: UK, January consumer credit (£50m net borrowing), cyclical indicators; Belgium, foreign ministers meeting in Brussels; Switzerland, central bank governors meeting in Basle, lasting two days; Canada, Fehruary housing starts (162,000 units); Jepan, Bank of Jepan Tankan quarterly economic survey. February quarterly economic survey. Feb-ruary Tankan manufacturing diffusion index (down 49 per cent), February non-manufacturing dif-fusion index (down 35 per cent); Australia, Labour Day holiday in

Tomorrow: UK, February producer prices - input (up 1 per cent on month, up 6.7 per cent on year), output (up 0.4 per cent on month, up 3,6 per ceot on year), excluding food, drink and tobacco (up 2.7 per cent on year); Germany, Q4 GDP (down 1.3 per ceni on quarter), Q4 GNP (down 1.5 per cent on quarter); US, President Clinton meets President Mitterrand in Washington, revised figures for Q4 productivity, Janusry wholesale trade, February Johnson Redbook, week ended March 6; Canada, January motor vehicle sales idown 5 per cent on month), December labour income (up 0.3 per cent on month); Australia, January retail trade (flat on month); Ianuary retail trade month); Japan, January machine orders excluding electrical end

ships.
Wednesday: US, Presidents of
12 district Federal banks to testify before Senate Banking committes on economic conditions in mittes on economic conditions in their districts, Treasury secre-tary Bentsen testifies before House Ways and Means Commit-tee, Fed releases Tan Book for March 23 FOMC meeting; Can-ads, February help wanted index (89), January new housing price index (down 0.1 per cent), Janu-ary departmental store sales (up 3 per cent on year); Australia, O4 3 per cent on year); Australia, Q4 exports and imports of goods and

erports and imports of goods and services; Norway, February consumer prices index (up 25 per cent on year).

Thursday: UK, CBI quarterly distributive trades survey, Q4 balance of payments (53.7bn deficil); Germany, Kobi meets Länder heads for fiscal talks; US, February retail sales (up 0.2 per cent), excluding autos (up 0.3 per cent), initial claims week ended February 27 (341,000), state bene-

ended March 1. Februsry monthly money supply figures M1 (down \$0.5hn), M2 (down \$13bn), M3 (down \$9.5bn); Canada, Fabruary employment (up 0.2 per cent on month), unemployment rate (11.2 per ceot); Australia, February employment (down 20,000), February unemployment (11.1 per cent).

Friday: UK, Q4 savings ratio (11.1 per cent), Q4 final GDP (up 0.2 per cent on quarter, flat on year); US, February PPI (up 0.3 per cent on month), excluding food and energy (up 0.2 per cent on month), excluding food and energy (up 0.2 per cent on month), March Michigan Sentiment, January business inventiment, January business inventiment, January business inventiment.

timent, January business inven-tories (unchanged); Australia, January weekly pay rates; Febru-ary wholesale prices index (down 0.4 per cent on month, down 1.5 per cent on year). Saturdey: Australia, general

election.
During the week: Cermany,
February cost of living, January
ratail sales (down 3.2 per ceot on
year); France, M3 (up 0.2 per cent
on month); Danmark, January
trade excluding ships (DKrL5on
surplus); Japan, Fshruary trade
balance (\$11.9bn surplus), Q4
GNP

Emma Tucker

RESULTS DUE

HEABLINE pre-tax profits from BTR. the Industrial coaglomarats, should have increased from 1917m in 1931 to comfortably exceed film last year, although about 550m will come from profits on disposals.

Analysts at 'Thursday's meeting will be interested in what benafits have come from the integration of Hawker Siddeley, taken over for fl.55bn al the end of 1931, and current trading conditions in the US.

BAT Industries, the pobacco and financial services group, is expected to report annual pre-tax profits of more than 11.55bn, up from \$1.55bn, on Wednesday. Interest will ceatre on whether recent strong growth in ciga-

rette sales can be maintained, and how Eagle Star is recovering from the heavy losses il has incurred on mort-gage inderunity policies.

Full year results from RTZ, the world's largest mining company, due on Thursday were foreshadowed last month when the group said there would be an exceptional charge of £52m, compared to a £74m charge in 1991. RTZ plans to adopt FRS 3. Nat income, the line RTZ prefers to focus on, is expected to rise from £36m to a rotted £330m, after interim uel income was up from £54m to £155m. A maintained final is likely.

On Wednesday, Cadbury Schweppes is expected to announce pre-tax

profits of about £325m for the full year, up from £316.4m last time. Trading profits in Britsin and the US are thoughl to have finished the year on a strong note.

Ti, the specialist engineering group, is expected to produce pre-tax profits of about £109m, up from £105.2m, and earings of 18p, when it reports results for 1822 on Thursday.

The company has underperformed since its acquisillion last year of Dosty, which has suffered from the sharp detarloration in seuliment in the aerospece industry.

Both GEN and T&N, the motor components groups, saw profils bounce back in the first helf of last

year as they reaped the benefits of cost-culting and overseas investment. While full-year increases — to be anocunced on Wednesday — are expected to lop 30 per cent in both cases, questions will be raised about the state of the German car market and other parts of the continent. As a countarweight, the news should be good on US demand.

GEN is expected to report \$125m, compared with \$25m, while the consensus for T&N is \$65m, against \$49m. The former's dividend should be roughly covered, but T&N's will not be yet again.

The betting is that T&N will nevertheless hold the payment.

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UK COMPANIES

E TODAY
COMPANY MEETINGS:
Treate, Badford Lodge Hotal, Bury Road,
Nerwarder, Subolic, 12,00
BOARD MEETINGS:
Fluate:
British Vita
Casterbrera
Doeflex
Feiray
Gevett & Co.
Gropps
Indian Justific
Merchants 711.
Perkins Foods
Parvalnmon
RPS

An Arabaman And Andrews Andrew

E TOMORROW

E TOMORROW

COMPANY MEETINGS:
Insurance Group, The Holiday Inn Crowne
Plazz Hole, Peter Street, Marchetter, (2.00.

Keisey Industries, Keisey House, Wood

Layred Hemstead, Heria., 1 Lot.

E YEDRESDAY MARCH 10 COMPANY MEETINGS: Flatbury Smaller Co's Trust, The Great Eastern Hook, Liverpool Street, EC., 12.00 SOARD MEETINGS: Finale: EAT Inde. Carbury Sci Cluff Res. Hoyo Ho Roseby Steading T & N

Sexichi & Seatchi Shaper & Friedlander Strong & Fleher Water City of Lon Propsi hebrings

ETHURSDAY MARCH 11
COMPANY MEETINGS:
Enrocestry, Colone Hotel, Man Krustland, Chighirle, 2-30.
Lookers, Lancatehlim County Orabiot Road, Strellord, Manche BOARO MEETINGS:
Finals: County Cricket Club, Abbeycreet Assoc. Brit. Ports BTR Kode bet

E FRIDAY MARCH 12 COMPANY MEETINGS: Control Motor Auctions, Rothwell, Leede, 12.00.

Company meetings are annual general meetings unless otherwise stated. Please note: Reports and accounts are not normally available until approximately elx weeks after the board meeting to approve the resilimitary results.

PARLIAMENTARY DIARY

Commons: Ouestions to Transport ministers and Chancallor of the Duchy of Lancaster. European Communities | Amandment) Illi, committee, IAmandment) Bill, committee,
Lords: Debate on EC report on light
against traud. Council fax Benefit
regulations. Water Undertakers
(Rateable Values) (Amendment) Order,
Melvern Hills Bill, second reading.
Select committee: Public accounts
- subject Northern (reland matters.
Witnesses: Mr P. Carvill, permanent
secretary, Department of Education
for Northern Ireland; Mr T.G.J. Moag.
child executive, Ballest education our exertisem ireland; Mr T.G.J. Moag, child executive, Bellest education and library board; Mr R.D. McVelgh, chief executive industrial development board for Northern Iroland (4.30pm, room 15).

TOMORROW

Commona: Defence questions. Questions to the Prime Minister, Debate opened by the Opposition on "the oullapse of manufacturing industry and the rise of unemployment". Public Landing Right unemployment". Public Lending Increase of Limit) Order. Lords: Penalty for Murder Bill, committee, Housing and Urban Development Bill, committee, B

Railways Bill, third rending. Redundancy Payments (Local Government) (Amendment) Order,

EWEDNESDAY
Commons: Foreign Office questions.
Pravention of Terrorism [Temporary
Provisions] Act (Continuance) Order.
Foreign Compensation (Amendment)
Bill, remaining stages, Debats on
European Court of Auditors' report.
Plymouth Development Corporation
(Area and Constitution) Order,
Lords: Debates on the lood and drink
Industry and oversees students.
Housing [Fitness Standards]
(Amendment) Bill, third reading,
Select committees: Environment—
subject: housing corporations.
Witnessees: institute of housing: Royal
Institution of Chartered Surveyors;
Royal Institute of British architects
[9.15am, room 21]. # WEDNESDAY

Royal (natitute vi (9.15am, room 21). Parliamentary commissioner for administration — subject reports of the health service commissione for 1931-82. Witnesses; Sir Duncan Nichol, chief erecutive of the NetS menagement executive, end Mr D.G. Cruickshank, chief executive for the NHS in Scotland (10am, Trede and Industry — subject: trade with Europe. Witnesses: the Post Office (10.30am, room 15).

Agriculture — subject effects of the beer orders on the browing industry and consumers. Witnesses: Allied Lyons. Bass. Whitnesses: Allied Lyons. Bass. Whitnesses: Allied Newcastle 110.45am, room 20). Defence — subject progress of the Trident programma. Witnesses: Ministry of Defence afficials (10.50am, room 5).

Adricultura — subject, effects of the

room st.

Agricultura — aubject; effects of the beer orders in the browing industry and consumers, witnesses: Courage, Grond Matropolitan estates (4pm, Grond Matropolitan estates (spin), room [8]
Employmen] — aubject the import and exports of jobs: management of redundancies. Witnesses: Ford (UK) (4.15pm, room 20]. Health — aubject community care. Witnesses: representatived of users of community cares and carriers

Witnesses: representatives of users of ourmunity cares and carers (4.15pm, room 21). Public accounts – subject fire prevention, witnesses: Sir Clive Whitmore, home Othicn permanent under secretary (4.15pm, room 16). Treasury and civil service – subject the civil service, Witness: Sir Robin Butter, head of the home civil

service (4.30pm, raom 8). Home affairs — subject: Juveniin offenders. Witnesses: National Association for the Care and Resettlement of Offenders; Howard League of Penat Reform (4.45pm, room 15).

THURSDAY
Commons: Home Office questions.
Questions to the Prime Minister.
European Communities (Amendment) European Communities (Amendment)
Bill, committen.
Lorde: Clean Air Bill, third reading.
Radioactive Substances Bill, third
reading. Charites Bill, third reading.
Asylum and Immigration Appeals Bill,
third reading.
Select committees: Foreign affairs
— aubject: roin of the United Nations.
Witnesses: Ministry of Defence
officials (10.30em, room 15).
Education — subject: English tests
for 14-year-olds, Witness: Mr John
Patten, education secretary form.

FRIDAY Commons: Backbench business — debate on government's management of the economy. Lords: Not atting.

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Bh. of Greece 16 le % Ln. 2016 ES.375 Bh. of Inviend Undeted Variable Rate Nta \$1,200.13 \$1.200.13 Bardleys II'seeks, Irw, Gld. Fitg. Rale Nes 2004 \$120.89 BP Amer. 10% Old. Ata. 1998 (1991) Do 124 % Gld. Nes. 1998 A\$172.50 Brit. Gest Ind. Fin. 84 % Gld. 8de, 1997 627 Am

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Nati. Australia Bank Sub. Var. Rata Nts. 2000 £190.25 L Bank Var, Rate Capital Nts 2009 ide Bidg Society 12 % % Na. 1994 Nationwide Bidg Society 12 % Nm. 1994 Dist 1.25 Do. Fitg. Rate Nts. 1995 E179 99 Reditand Global Funding 12 % Gid. Nts. 1994 AS1.267 50 Renold 7 % % 2nd Deb. 1982/97 £3.8125 Rockwell Intl. 50 23 Selnabury 4.1.1 (Channel Islands) 8 12 % Cv. Cap. Bds. 2005 £212.50 3: Okt. Pitg. Rate Na., 1997 £187.98 Tolun 50.35 Yerkshire Water 7.05p

E TOMORROW ch 50.32 Anheuser-Busch St.32 Brasway 0.34p Hampson Inda 0.4p Investors Cap. Tst. 1.275p Local Authority Short-Deted Bds. 161 % 15,1562 Mazde Moor 5,45% 2000 Y143,610 Do, 5,5% 2001 Y145,139 Tempeco 50,40 Tiess Warner 50,07

M WEDNESDAY MARCH H Aberdeen Tat 0.5p Aberdeen Tat. 0.5p
Ablant 18p
Ablant 50,29
Bromsgrave Inds. 195p
Chevron 50,875
Dun & Bradstrees \$0.57
Enoin 50 72
Fingbury Smeller Co's. 2p
Figl Bunk Inst. Fir, Perp Sub. Gtd., Fitg.
Rate Nos. \$11,218,75
General Motors \$0,20 30.54 Kelsey Inds. 8p Lily (ER) 30.005 Park Food 2p Sun Alliance 10⁵s % Nts. 1997 C108.25 Sun Co 30.45 Si Ind. 5⁵s Gad. Nts. 1993 Y50,000 Travelers 80.40 Twestontain Utd Collideries R2.23 LIK 5¹s % Traxas. 2009/20 E2.75 Likt. 7echnologies 90.45 Warner-Lambert 30.57

Smith & Ne

E THURSDAY MARCH 11
Bit of Ireland Undated Fits Rate Primery
Cap. Nts. 596.85
Brit. Telecomenunications 0½ % Nts. 1893
DS
Carcio Engineering 1.8p
Chaise Manhattan Fits Rate Sub, Nts. 2009
\$131.29 Hongtong & Shanghai Banking Corp. Primary Cap, Undaled Fig. Rate No. 562.50

Lloyde Bank 194 % Sub. Bde. 1998 £1,025 Weetwich Bidg, Society Fitg. Rate No. 1994

EI FREDAY MARCH 12
Abbey Natl. Trees, Servs, 6% % 1993 \$98.75
Ellis & Everand 2.25p
Grootviel Prop. Mines R0 25
Hong Kong Inv. Tel. 1.75p
Leeds Permanent Bidg. Society 7 4 % 1993 V725,000
M & G Recovery Inv. Inc. 10
Do Geened Units 1p
Do. Package Units 1p
Moneanto \$0.58 Nati. Medical Enterprises \$0.12 Seppore Brews. Fitg. Rate Ns. 1997 Y985,417 Scottleth Power 3.72p Scottish Power 1.72p Stement Dm 13 State Rk. of New South Wales 10 k 2002 A\$107 30 Stitionterin Gold Mining R0 30 Trans-Natal Coal R0.23 TR Smeller Co a Inv. Tet. 1.5p Victorian Public Authoritiss Pin. Agency 11% Gtd. 2002 A\$110

SATURDAY MARCH 13 Hydro-Quebec 12 4 % Lr. 2015 08.376 ESUNDAY MARCH 14 Vodeohoog ADR \$0.561

CONFERENCES & EXHIBITIONS

Rejuvenating A Mature

Professor Charles Baden-Fuller will discuss the attategles of saccessful rejuvedalors. "Transforming The Organisation Mind" Roble Wood will examine how the mental model of managers contributes to organisati

Connet: London School of Economics. Tcl: 071 955 7968.

LONDON

MARCH 11

Foreign Exchange Differences Afternoon seminar, analysing key aspects and implications of the new draft legistation issued by the Inland Revenue ou 16 February. £80. Contact: Michelle Beard, Ernst & Young. Tel: 071 931 2297.

Fas: 071 242 5862. LONDON

MARCH 15 Creating Opportunities -**Ensuring Success**

A one day conference for finance gors to explore career paths available in the NHS, with an emphasis on Equal Opportanities. Virginia Bollomlev. keynote speaker. To book a free place. contact; NHS Training Directorate. Tel: 0272 291029 ext 3213. LONDON

MARCH 15 **Dow Jones Telerate Foreign** Exchange Conference: 'New Horizons, New Risks' As examination of the risks and

ortunities represented by the emerging markets in Eastern Europe, Latin Amer and the Par East. A distinguished speaker list includes Lord Lawson, former Chancellor of the Exchemer. Tel: 071 832 9532. LONDON

MARCH 15

EIS & External Information This out day conference explores the

potential of LT. to radically improve the process of collecting, analysing and sharing external business information How EIS and related systems can imthe quality, scope and relevance of this Contact: Business Intell Tel: 081 544 1830.

Fax: 081 544 9020. LONDON

MARCH 16 Financing Growth

An evening forum discussing the debt and equity oprioss available for family businesses. It will cover: financing ncreased working capital requ how to attract external funding but still retain control and the options available when shares need to be is Contact: Diane Deacon, Stoy Centre for Tel: 071 486 5888.

LONDON

MARCH 16-16

The NEC Marketing Show The definitive Marketing Event allowing markeling professionals to view the diversity of products and services which combine to make up the total marketing

puirtes: John Parry, Centre Exhibitions. Tel: 021 780 4141 ext 2604.

BIRMINGHAM

Budget Briefing

Afternoon briefing, where Ernst & Young sculor partners will provide leading insight into the Chancellor's Budget and potential implications for UK businesses. Contact: Booky Brown, Ernst & Young. Tel: 071 931 4554. Fax: 071 928 4782.

MARCH 18

Business Process Management: Company Transformation

CBI/Develia & Portnera Coaferaoce, chaired by Brian Redhead. Speakers will be outlining the approaches that worked for them so each delegate can choose those elements they can apply to their own specific business simutions Contact: Karen Action, CBI Conferences.

MARCH 18

Pitching For Business In a competitive business environment more companies are selecting suppliers through a formal tendering process. This lastitute of Directors 1/2 day seminar will discuss the principles of best practice at Enquiries: Director Conferences.

Tel: 071 730 0022.

MARCH 19 From Strategy Tn Action: Seminar For The Financial Services Sector

HR implications of sector changes and tegie responses for person diractors. Organised by CILNTEC. Venue: The Guildhall. £50.00 + VAT. Contact: Wendy Fart, ALMM Tel: 0462 675600, Fax: 0462 480187.

LONDON MARCH 22

Survivel Business Continuity Conference As events in New York have abown,

disaster can strike your business any time. Learn from Clydesdrile Bank, Department of Economic Development, Grand Met and others who have planned for, and Contact: Kate Hill. Survivel Tel: 081 871 2546. Fax: 081 871 3866.

MARCH 23-24 Castings & Forgings '93 Exhibition & Conference

The only specialist show for buyers and eifiers of cast and forged products. St Johns Swallow Hotel, Solibull, West Midlands. For fras admission rickets couract: Lorraice Rogers, FMJ International Publications Ltd. Pax: 0737 761685. SOLIHULL

Fax: 071 255 1472.

MARCH 24 Key Legal & Commercial les The UK Oil industry in The 1990s This UK Oil Lawyers Group and Institute of Potroleum conference will ouver legal and commerical issues on Safety and the Environment, Shared Use of Facilities and stact: Caroline Litte. Tel: 071 636 1004

LONDON

MARCH 24 & 31 NeuroData Club - DTI

Supported mars to introduce potential members to NeuroData. This technology transfer clab will demonstrate the practical benefits of applying neural computing to identify hidden trends and patterns in an LONDON

Conner Walton Teachile Tet: 071 637 9111.

ASTON & LONDON MARCH 24 The Future Catering

Meat as Processes A conference for the people who wield influence over eating out trends. Speakers from the UK and USA will give an overview of the current market and trade patterns for future developments in the extering world, specifically connected with mest. Contact: Allison Hughes, MLC. Tel: 0908 677577 Tel: 071 379 7400. Fax: 071 497 3646. Fac: 0908 609221.

> **MARCH 24-26** The Second World Coal Institute Conference:

> > Coal For Development Major international event for coal ng and using industry worldwide: financial, legal, cuvironmental esseen coal rechoologies; importance of coal to Contact: The Event Organisation LONDON

Tel: 071 228 8034.

MARCH 25 Developing An LT. Strategy For Marketing

This one day conference shows how to top a coordinated strategy to transform the effectiveness of sales and marketing through the use of LT. It explores practical management issues which need to be resolved in order that companies can make a creative use of system Contact: Business Intelligence.

LONDON

LONDON

Tel: 081 544 1830. Fax: 081 544 9030. LONDON

MARCH 30 Strategic Alliances Conference Alliances are back on the European da, but the risks are formidable. You out have clear objectives, find the right partner and invest time is managing the tiouship. Cases from Mercary, OHL,

Olivetti, Rover and United Distillers.

Tel: 071 823 8740. Fax: 071 581 4331. **MARCH 30-31** Management Tools & The Project Support Office Based on the recent survey of project ning and support tools, this semina provides detailed information and practical advice on the effective approach

managing IT projects through the

LONDON

Tel: 0895 256484. Fax: 0895 813095.

MARCH 30-31

Project Support Office.

Managing Relocation Through a bigbly informative and thought-provoking programme, this a wide range of domestic and international Contact: Natalic Munden. CBI Conferences TELFORD

MARCH 30-31 **USA Catalogue Exhibition**

American companies seeking distributors, agents, licensous and end-users to the UK and/or Common Market. Exhibition of component and videos at the Royal I accepted Hotel, Londog, Hours 10-5. Present business card for free entry and enquiry processing. For your personal invitation: Fax: (USA) I 404 578 8787. LONDON

MARCH 30-31 Using EDI For Business

The speakers in this seminar pe ease studies demonstrating that maint companies are realising the full benefit of ED1. Building on the experience of these diganisations, this semigar offers a practical guide to EDI exploitation.

Tel: 0895 256484. Fax: 0895 813095. LONDON

MARCH 31 - APRIL 1 Introduction To Bonds & Bond Futures Course - Parts 1 & 2 Oay 1: Market Structures, Tradiog Techolques Using Yield, Opration & Convenity. Day 2: Bood Futures Explained; Speculation, Hedging & Arbitrage Strategies using Fotures & Cash Bonds. Venue: idge Science Park, Camb £345 (1 day only), £595 (both days). Contact: Kathy Page, Brady Financial Serniners. Tel: (0223) 423250.

CAMBRIDGE MARCH 31 - APRIL 2 **Emerging Markets/Restructuring** The Energy Industries Of East Europe & The Former USSR Eighth Annual PlanEcon, DRI/McGraw Hill conferences with economic ministers from the ragios, fuad managers, oil

executives, and noted exper-Contact: Corloge Resignment Tel: 081 545 6212. LONDON APRIL 2

Access To Environmental Information Major international conference on Directive 90/31.VEEC organised by Friends of the Earth with European Commission support. Focus on practical implementation into national law. Speakers from the UK and elsewhere is Europe include lawyers. Ors, represe and Friends of the Earth. Tel: 071 490 1555. Fax: 071 251 0818.

LONDON APRIL 2 EC Funded Research & Technological Development (14.7 Billion ECU Available)

programme for European transnational research and trebnological development. Speakers from the European Con Cabinet Office and industry. £90 + VAT. Tel: 0303 838736. Fax: 0203 221396 COVENTRY

looking at the EC's new Framework

APRIL 5 - MAY 24 FT City Course

The course is designed for employees of objectives are to provide a broader of the City and the lactors that make it is on financial and trading centre. uirles: Financial Times. Tel: 071 814 9770. Fax: 071 873 3975/3949. Life-Long Learning

Delegates from Industry, Education and Government will consider human meouroe utilisation and develop recome for enhancement of national industrial base and competitiveness. Speakers include Sir Geoffrey Holland, Sir John Fairclough, Sir Christopher Ball and Sir Brian Wolfson. £250 + VAT - Residential. Contact: Stan Orangi.

Tel: 0703 553404. Fax: 0703 672714. SOUTHAMPTON

PRIL 21 Learning To Grow Again Sir Roland Smith is keynote speaker. The

conference examines crucial elements in Water lifting businesses out of sarvival into growth. Airped at Chief Executives and dvisers, dealing with determinants of growth and need for better performance. Enquiries: GMS, Tel: 0582 666970 LUTON

APRIL 22 European & American Quality Awards

Hear from major European organis on how to assess business effectiveness by using the measurement processes of the European Quality Award and the USA's Malcolm Baldrige National Quality Award. Participants include executives from BT. Royal Mail, Ciba Geigy, Rank Xerox, Philips, EFOM, MBNQA and Bristol Quality Centre. Tel: 0272 763932 Fax: 0272 585116. LONDON

APRIL 22 Society Of Technical Analysts 1993 Conference Views and expert methods from an

tional field of technical analysis. An exhibition demonstrating the latest analytical computer systems. Contact: The Membership Secretary. Tel: (0727) 356251 Fax: (0223) 329806,

LONDON

APRIL 22-23 Implementing The EC Public **Procurement Directives** A conference examining legal enforce

to comply. Also offering information of the fatara of procurement policy in the EC. Speakers from Treasury, European Commission, private companies and lawyers Research Unit. Tel: 021 414 3221. Fax: 021 414 3217. BIRMINGHAM

APRIL 25-27 European Enterprise Computing Conference

Sponsored by Apple Computer Europe. A provide IT professionals with a framework for building information systems in the '90s and beyond. Sneakers from Apple, Oracle, Lotus and Oartner Croup discuss client/server computing, IT costs/benefits and systems integration. Contact: The Event Organisation Contput Tel: 071 225 8034. Par: 071 924 1790. LONDON

Downsizing IT: The Management Issues

This one day conference looks beyond the technical aspects of moving from mainframe to micros to the orga of savcessful downsizing Tel: 081 544 1830. Fax: 081 544 9020.

APRIL 27-29

The Commercial Dimensions Of Parallel Computing This seminar reviews the state-of-theto High Performance Computing. Top European and US speakers from industry and academia discusa: parallel software strategies; tools for profiling, monitoring and visualisation; business application (with major case studies).

Tel: 0895 256484. Fax: 0895 813095. LONDON

APRIL 28 Frenchising Network Services - Regulation in Post, Rall &

CRI conference, franchising approaches for post, rall and Scottish water are reviewed for effectiveness, including international experience and legal aspects of regulation. Contact: Leigh Sykes, CRL

LONDON **APRIL 28 & 29**

Financial Innovation - New Directions For The 90s This high-level forom will review nems is financial innovation in a period of low growth and low inflation and consider future trends. Enquiries: Financial Trees.

Fax: 071 873 3975/3969. LONDON **APRIL 29 & 30** The influential Accountant Scandic Crown Hotel, Victoria, London An intensive workshop for all accountants

Contact: Evanua Morris, CIMA Tel: 071 637 2311. Fax: 071 580 6991.

Ibulr practical perassion

and other managers wanting to improve

MAY 5-6 **Know Your Competitors:** Competitor Intelligence & Analysia Inc. Benchm A practical two day semigar/worksh from the UK's No. f specialists. Practical case exercises, successful case amo Guest apuaker who is head of a major

LONDON MAY 10 & 11 European Securities Markets The implementation of the EC's Capital Adequacy and Investment Services European equity and bond markets, the seeds of laternational companies in raising equity and debt finance will be

Tel: 071 487 5665. Fax: 071 935 1640.

Contact: Patricia Donnard. EMP

Intelligence Service.

Tel: 071 814 9770

Fax: 071 873 3975/3969, LONDON **MAY 10-11** Promoting IT & Business Partnership

This two day conference explores the opproaches to achieving partnership between IT and the business, including changas in working practices, IT organiantion and the development of managers with balanced 'hybrid' skills. act: Business Intellig Tel: 081 544 1830, Fax: 081 544 9020.

Tax & Accounting Treatment Of Currency Transactions A complete update on the radical new legislation affecting equitable mustion of foreign exchange gains and losses. Speakers include: Stephen Edge and Inin Abrahams of Slaughter & May; Eric Tomsett, Touche Rose; and Emma Lubbook of Price Waterhouse Contact: Sarah Avian, IBC Legal Studies and Services Ltd.

Tel: 071 637 4383. Fax: 071 631 3214. LONDON Pension Practice &

monitoring pension funds, equalisation of pension sees. Goode Committee FC directives, sexual harassment, maternity policies, and employee benefits.

Employment Law

An explanation for the busine

Tel: 071 779 8793. Pax: 071 779 8795. LONDON MAY 24-25 Off & Gas Transport & Security In The Former USSR

A detailed assessment of the structure, control, economics and politics of the PSU's energy transportation infrastructure (pipeliaes, railways, waterways, roads). Co-bosted by Transneft, Gazprom, and the Kazakh Ministrics of Fuel-Energy and of Transport. Contact: Europe Energy Environme Tel: 071 493 4918. Fax: 071 355 1415.

LONDON JUNE 9 The Healthcare Industry - The

Leasing Potential Compellag for funds; Industry developments; legal issues; supplier perspectives; leasing as a financial tool. ntact: Caroline Carter, Europ Tel: 071 779 8793. Fax: 071 779 8795. LONDON

Public Sector Outsourcing Forum An opportunity for executives responsible for Public Sector procurement, Market Testing, and oumpetirive tendering n sesess capabilities of Private Sector

suppliers of support services.

MARCH - MAY 2

JUNE 16 & 17

Contact: Kenneth Trench, Magnet Events. Tel: 081 763 1230. Fax: 081 763 1225 LONDON INTERNATIONAL

Karl Sims, Thinking Machines Corporation Present "Evolving mages" Exhibit ancoders at Centre Pompidos view abstract images on 16 video screens and are saked to stand in front of images they find most interesting. Prefere are registered by the supercomputer which generates images that are more and more aesthetically interesting. Contact: Martine Moinot, Centre Pompidou.

MARCH 11

Tal: 33 1 42 77 12 33.

EC Romania Business Forum Up-to-date intelligence on Industrial and commercial opportunities in Romania for ercial oppo PC companies. Top apeakers from anias Government and Ministries EC Commission and EC industry. Organised by EC Comm Contact: Société Générale de Développement SA. Tel: +32 2 512 46 16 Fax: +32 2 512 4653.

BRUSSELS

PARIS

MARCH 16-18 International Gaming Business Exposition (IGBE) Europa '93 IGBE Paropa '93 is the only major European exhibition exclusively for the casino gaming ladustry. IGBE Europa showcases all major products and services of importance to the casino. Special events will be held. Contact: Effect B. Baird. Phone: (USA) (203) 852 0500 ext. 107.

Fax: (USA) (203) 838 3710. MONACO

MARCH 25 & 26 Survive! Business Continuity & Disaster Recovery Conference As recont events in New York have shown, disaster can strike your business any time. Learn from local and international experts the critical issues of business continuity. Contact: Annie Chan

Tel: +8528810838. Fax: +8528810338. HONG KONG MARCH 29-31

The Economic Impact Of Airports in-depth analysis of how airports act as positive ments of economic growth and their stribution towards regional development in terms of jobs and wealth creation. Airport leaders and experts discuss the key issues of economic impact measurement and leanch a new Economic Impact Study Kit. Contact: Mm Martine Sugar. ACI Europe. Tel: +32 2 513 0866. Fax: +32 2 513 2606.

MUNICH

APRIL 27-28

Telecommunications Development & Liberalisation In Eastern Europe & The FSU A conference providing companies with nation on the organisational structure and investment oppo the telecomms industry - Ministers and decision-makers from Eastern Europe and the FSU discuss with senior western experts. Contact: Cristina Watts, Adam Smith

Tel: 071 490 3774. Fax: 071 490 2296. BUDAPEST **APRIL 28-29**

Black Sea Off & Gas: **Emerging Opportunities** Central Asian and South-East European off and gas industries, with senior delegation from the entire region. Hosted by Marmara Bank and Europe Energy Enviro Contact: Europe Energy Environ Tel: 071 493 49f8. Fax: 071 355 1415

MAY 12 **Wargames!**

Participate in a 1-day Business Wargaming seminar and workshop. Learn how to improve your probability of "strategic win". Mini-wargame exercise and 50page Business Wargaming Guide included. For managers in Business Development. Competitive Intelligence, Marketing, and Contact: IIB SA. Tel: +41 22 362 77 67. Fax: +41 22 362 77 92.

ISTANBUL

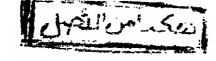
MAY 25-26 mational Consumer Credit Congress

Ac opportunity for those involved in the ent and marketing of consumer credit to be brought up to date with the lutest techniques. Speakers from all sections of the industry explain the case for lutegrated risk management broughout the credit cycle Contact: Pat Walsh, CCN Group.

Tci: 0602 410888. Fax: 0602 474382. LAUSANNE

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BANK OF TOKYO GROUP

THE BANK OF TOKYO GROUP continues to provide our clients with a range of high quality services in the field of Corporate Finance on a global basis. Our goal is to gain the confidence of our clients and to build up and maintain a lasting business partnership. Integrity in all our transactions is our highest priority.

Shown below are examples of transactions the Bank of Tokyo Group has carried out on behalf of clients. For more detailed information about our range of services, please contact any of the Bank of Tokyo Group offices listed below.

GLOBAL CORPORATE FINANCE IN 1992

M & A

Management buy-out of EXPRESS FOODS

GRAND METROPOLITAN PLC.

The undersigned acted as

YAMATO SCALE CO., LTD. LOCK INTERNATIONAL PLC. have formed a joint venture The undersigned acted as

> Yamato Scale Co., Ltd. The Bank of Tokyo, Ltd.

Financial Advisor tu

PIONEER LDC, INC.

through its subsidiary

has acquired

BEST & ORIGINAL

PRODUCTION I.TD.

KANEBO, LIMITED has acquired from SAMMONTANA S.R.L. the manufacturing and distribution rights in Japan under the

The undersigned acted as Financial Advisor to Pioneer LDC, Inc.

The Bank of Tokyo, Ltd.

YAMAHA CORP. has acquired HAGAN SKIFABRIK GMBH

The undersigned acted as Financial Advisor to

The Bank of Tokyo, Ltd.

The undersigned acted as

Financial Advisor to

Kanebo, Limited

The Bank of Tokyo, Ltd.

Sank of Tokyo International Limited

The undersigned acted as Financial Advisors to Chuo Spring Co., Ltd.

CHUO SPRING CO., LTD.

has increased and acquired

controlling shares in

ACK CONTROLS INC.

The Bank of Tokyo, Ltd. The Bank of Tokyo Trust Compar MMC HARTMETALL GMBH has acquired exclusive sales rights from FABOR S.A.

The undersigned acted as MMC Hartmetall Gmbl l

Banque Européenne de Tokyo S.A.

KOTOBUKI CORPORATION has acquired AUDIENCE SYSTEMS LTD.

The undersigned acted as Financial Advisor to Kotobuki Corporation

The Bank of Tokyo, Ltd.

THK CO., LTD. has acquired PGM BALLSCREWS LIMITED

The undersigned acted as THK Co., Ltd.

The Bank of Tokyo, Ltd.

TOHO PHARMACEUTICAL has subscribed to preferred stocks of and entered into distribution agreement with BIO SURFACE TECHNOLOGY INC.

The undersigned acted as Financial Advisors to Toho Pharmaceutical Co., Ltd. The Bank of Tokyo, Ltd. The Bank of Tokyo Trust Company

INTERNATIONAL LEASE

U.K. EQUIPMENT LEASE ND MARSTON LTD.

The Bank of Tokyo, Ltd. acted as Finaocial Advisor to Nippondenso Co., Ltd.

U.K. EQUIPMENT LEASE ASAHI TRIEFUS PLC. (Subsidiary of ASAHI DIAMOND INDUSTRIAL

CO., LTD.)

Arranged by

Bank of Tokyo International Limite

MALAYSIAN AIRLINE

SYSTEM BERHAD

Boeing 737-400 Aircraft

Japanese Leveraged Lease

U.K., EQUIPMENT LEASE INTERNATIONAL CATERING LTD. (Subsidiary of JAPAN AIRLINES CO., I.TO.)

Arranged by Bank of Tokyo International Limited U.S. EQUIPMENT LEASE CHUSELU,S.A., INC. (Subsidiary of CHUSEI OIL CO., LTD.)

Arranged by **BOT Financial Corporation**

U.S. EQUIPMENT LEASE YOTEC, INC. (Subsidiary of YAMADA SEISAKUSHO CO., LTD.)

Arranged by

AIRCRAFT LEASING

ALL NIPPON AIRWAYS CO., LTD. Boeing 767-300 Aircraft

Japanese Leveraged Lease

strong, Grimma Business ಃರಿದರ ಚಲಿನಿಕ್ಕಿ ಕಿಂಗುವ⊌ ನ್ಯ

But mess Companies

griefen, ein Tomterente

то коит к итодаті її Акрові

of of F.DC -5-A1804

June Endage & The FSE

Arranged by

and other leasing companies

BRITISH AIRWAYS PLC. Boeing 747-400 Aircraft Japanese Leveraged Lease

Arranged by and other leasing companies

Arranged by BOT lease Co., Ltd. BOT International (H.K.) Limited

ROYAL DUTCH AIRLINES Boeing 747-100 combi Aircraft Ownership

Foreign Sales Corporation Lease

Equity Arranged by **BOT Financial Corporation** **QANTAS AIRWAYS LIMITED** Two Boeing 747-138 Aircraft Australian Leveraged Lease

Arranged by Meridian International Capital Limited

Term Loan & Letter of Credit Arranged by

Bank of Tokyo Australia Ltd.

Lessors Union Bank & others

ALASKA AIRLINES, INC.

Four MD-83 Aircraft

U.S. Leveraged Lease

Equity Arranged by **BOT Financial Corporation** Two Boeing 737-500 Aircraft U.S. Leveraged Lease

UNITED AIRLINES, INC.

Union Bank & other

Equity Arranged by **BOT Financial Corporation**

ASSET BASED AND STRUCTURED FINANCING

PETROLEOS MEXICANO

Syndicated Credit Facility Supported by MITI investment insurance overseas The Bank of Tokyo, Ltd.

and other Japanese banks. Arranged by The Bank of Tokyo, Ltd.

EAGLE POINT COGENERATION PARTNERSHIP

U.S.A.

The Coastal Corporation Public Service Enterprise Group, Inc.

The Bank of Tokyo Trust Company acted as

Co-Agent and Swap Co-Provider

BELVIEU ENVIRONMENTAL **FUELS**

U.S.A. Sun Company, INC. Mitchel Energy & Development Corp. **Enterprise Products Company**

The Bank of Tokyo Trust Company acted as Co-Agent

INDECK-OLEAN

U.S.A. Indeck Energy

BOT Financial Corporation acted as Co-Agent

OYSTER CREEK U.S.A.

Destec Energy, Inc. Transco Energy, Inc.

> Union Bank acted as Agent

COSCO-HIT TERMINAL

Hong Kong Hong Kong Int'l Terminals Ltd.

The Bank of Tokyo, Ltd. Lead Manager

TANABE CORPORATION/ FURRY CREEK PROJECT Canada

The Bank of Tokyo Canada acted as

CONSULTING SERVICES

ERDENET MINE MODERNIZATION AND DEVELOPMENT PROGRAM (JICA MISSION)

Mongolia

The Bank of Tokyo, Ltd. acted as Financial Advisor

INDONESIA/TELEPHONE EXPANSION PROJECT (REPELITA IV)

> Indonesia NIT Salim Group

The Bank of Tokyo, Ltd. acted as Financial Advisor

GEOTHERMAL POWER PLANT PROJECT AT LEYTE

Kanematsu Corporation The Bank of Tokyo, Ltd.

acted as

Financial Advisor

Philippines

DALIAN INDUSTRIAL PARK PROJECT

The first project developed by Japanese Chinese Official and Private Sectors

China

The Bank of Tokyo, Ltd. acted as Promotor, Investor, Financier and Agent

EAST JAKARTA INDUSTRIAL PARK PROJECT

Indonesia

The first project developed by panese-Indonesian Private Sector

The Bank of Tokyo, Ltd. acted as Promotor, Investor and Financier TOURISM ADVISOR Malaysia

Malaysia Tourism Promotion Board The Bank of Tokyo, Ltd. acted as Advisor

PROMOTION OF FOREIGN INVESTMENT IN CHIBA PREFECTURE

Chiba Prefecture

Advisor

The Bank of Tokyo, Ltd. acted as

HOKKAIDO SUMMIT FOR THE VIPS OF THE FOREIGN-AFFILIATED COMPANIES

of Investment in Hokkaido The Bank of Tokyo, Ltd. acted as Advisor

Hokkaido Government/

The Committee for the Promotion

KYUSHU INTERNATIONAL INVESTMENT MEETING 1992

The Kyushu Industrial Location Promotion Council

The Bank of Tokyo, Ltd.

acted as

Advisor

STUDY OF THE ENVIRONMENT IMPROVEMENT PROJECT IN REPUBLIC OF HUNGARY

> Undertaken by The Overseas Economic Cooperation Fund (OECF)

The Bank of Tokyo, Ltd. participated as Financial Economist

YOROZU CORPORATION HAS ESTABLISHED YOROZU MEXICANA S.A.

> In conjunction with NAFTA

The Bank of Tokyo, Ltd. acted as Financial Advisor

Tokyo The Bank of Tokyo, Ltd. Head Office Corporate Advisory Division Project Finance Division

The Bank of Tokyo, Ltd. Osaka Office Financial Advisory Department

London The Bank of Tokyo, Ltd. Financial Services Department Bank of Tokyo International Limited Special Finance Division

Paris The Bank of Tokyo, Ltd. Banque Européenne de Tokyo S.A. (03) 3245-9449 (03) 3245-9665

(06) 201-9015

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Upgrading housing in Essex

UNITED HOUSE in Swanley has been awarded a £6m design and build housebuilding and improvement contract jointly from Basildon District Council and the New Islington and Hackney Housing Association to completely modernise, upgrade and extend the Crudens Estate at Pitsea in Essex.

The work includes the design and construction of 64 bouses. hungalows and flats (£2,3m). the refurbishment of 351 houses and flats including roofs, external walls and landscaping (£2.5m) and new infrastructure (£1.2m).

Restoration plan

The contract for Stage II of the safeguarding works taking place at St Pancras Chambers has been awarded to the London-based company WATES SPECIAL WORKS. The contract is worth £8m.

The work exclusively concerns the exterior of the huilding; replacing the existing slates with green slates (like the Victorian originals); restoring masonry, balconies, halus-trades and the clock; providing a full exterior clean of the building; and repairing the statue of Britannia for return to her plinth 130 ft up over-looking King's Cross station. Stage 1 of the safeguarding works commenced in May 1992.

Headquarters

A design and build contract, worth £7m, has been placed with Portsmouth-based WAR-INGS CONTRACTORS for an 80,000 sq ft office complex which will become the new headquarters for the Integrated staffs of the Second Sea Lord and the Commander in Chief Naval Home Command (CINC-NAVHOME).

Social housing

HALL & TAWSE PARTNER-SHIP, part of Raine, has been selected to design and huild at least half of the Kent Housing Partnership volume househuilding programme of 2,300 dwellings in the next three

Hall & Tawse Partnership expect to start work on 1,000 houses by the end of the year.

Holiday village development



Center Parcs, based Newark, has awarded the first major contract in the construc-tion programme of its new hol-iday village at Longleat to G

PEARCE & SONS of Devizes. The contract, worth some £12m. is for the infrastructure works for the village and follows work by the company nn

The artist's impressing (above) shows the proposed

Improving water quality in Middlesex

ANGLIAN H&G (AH&G) has been awarded a £15m contract hy Thames Water for a 25 tonnes per day granular activated carbon (GAC) reactivation plant to be huilt at Kemp-ton Park, Middlesex. The scope of work includes design, procurement, construction and

The design has already started and the plant is scheduled to come into production early in 1995. GAC is being used increasingly by the water industry to improve the quality of drinking water in order to conform to EC directives. It is particularly effective at removing herhicides and pesticides whilst also improving the taste and odour of water.

The energy efficiency of Anglian H&G's reactivation

required for the process. The company is huilding an addi-tional eight plants in the UK for the removal of pesticides from water. Anglian H&G is a 50/50 joint

process has been optimised and

raises internally all the steam

venture hetween Anglian Water and H&G Process Contracting, part of the Jacobs

ally enclosed and screened

from the public with access to

been given to noise abatement

from Hong Kong, is a Portu-

guese territory destined to

revert to Chinese rule at the

Considerable attention has

Macau, a one-honr jetfoil trip

parking facilities on top.

and odour control.

Wastewater treatment plant in Macau from UK and French contrac-

tors with a compact and effi-

The plant, which will treat both domestic and industrial

wastewater, wilt take two

years to construct, followed by

an operation contract of three

years. The plant, sited in a densely

cient process design.

A consortium led by WATER ENGINEERING (HK), part of the North West Water Group, has signed a £15m contract to design, build and operate a wastewater treatment plant in Macau, on the southern tip of China. Water Engineering and lts Portuguese partners, Teix-eira Duarte and Soares Da

Costa overcame opposition populated area, will he virtuend of 1999.

A £5m contract to install 12

400kW wind turbines at the new Kirkhy Moor wind farm in Cumbria has been won by TAYLOR WOODROW CON-STRUCTION NORTHERN. With a total capacity of

4.8MW, the wind farm at Kirk-

by-in-Furness will supply electricity for the equivalent of

The wind farm project, a joint venture between National Power, South Wales Electricity and Taylor Woodrow Construction Holdings, removes the

Harnessing the wind at Kirkby-in-Furness need to emit 12,000 tonnes of carbon dioxide a year in hurn-

ing fossil fuels. The turnkey construction contract for the Kirkhy Moor wind farm company includes civil works and installation of electrical equipment.

ICI split makes waves

Musker, 40, secretary.

the separately quoted ICI Australia, keeps the same job

unlike most of ICI's other

regional chairmen around the

globe. ICI Europe has been dis-

banded and its chairman David Benyon, retired last Sep-

tember. Ben Lochtenherg

remains chairman of ICI Amer-

ica hut is close to retirement.

been appointed chairman of

chairman of ICI (China) and Dr

S Lui has been appointed

chairman of Zeneca in China.

He takes on additional regional responsibilities from August.

non-executive directorships to

fill. Gill Lewis (above right) 48,

Nestlés head of personnel, has

just been appointed to the Zeneca board, but the old ICI

needs to recruit at least one

more non-executive director if

tional balance hetween execs

Eye Wall's, part of Unilever,

has been appointed group exec-

utive director - marketing of

COURAGE; his responsibilities

will include such hrands as

hourg, Miller, Pilsner and Beamish.

■ David Spencer is promoted to

corporate director of human resources at SMITHS INDUS-

TRIES on the retirement in

May of Gil Jones.

and non-execs.

it wants to maintain its tradi-

Finally, there are still some

Zeneca in North America.



When a company like ICI, Britain's biggest manufacturer, splits itself in two, the shock waves are felt well beyond the boardrooms of Ronnie Hamel's slimmed down ICI and David Barnes' Zeneca.

It is easy to spot the winners at board level. Alan Pink (above left) 54-year-old chief executive of ICI's agrochemicals and seeds husiness, for example, has gone on to the Zeneca board. He is the only one of the eight chief executives of ICI's traditional core businesses to get a directorship as a result of the demerger.

Rob Margetts, 46, who had been chief executive of ICI's Tioxide husiness until six months ago, had already got a main board seat. But given that the rest of his colleagues are in their late fifties, he would seem a front-runner to take over from Ronnie Hampel who is little more than a year away from ICI's normal retire-

ment age of 62. Three of ICI's four general managers are staying with the old firm - Victor White, 56, group solicitor, Alan Spall, 48, finance; and Trevor Harrison, 53, planning. However, ICI personnel hoss Hugh Donaldson, 51, joins Zeneca as general

Peter Johnson, who is responsible for FISONS' pharmaceutical division's R&D, and Michael Redmond, formerly md of pharmaceutical market-ing operations and now md of the pharmaceutical division, have heen appointed to the

■ Peter Spinney has heen appointed director of personnel at BRITISH GAS's UK Gas

■ John Nicolson, previously marketing director of Birds

Taylor Woodrow recast

Taylor Woodrow appears to bave completed its senior management reshuffle with the promotion of 46-year-old Brian Abrahams, currently responsihle for group trading activities and managing director of Greenham Trading, onto the board. In turn, George Borwell, 66, chairman of Greenham Trading, will retire from the

hoard at the May agm. When Colin Parsons took over as chairman of the hig UK construction company a year ago, he admitted that even be, as an operating director, sometimes had difficulty in understanding the structure of the board, which at the time was top-heavy and generally opaque. Since then, six direcresources, along with Norman tors have left, and four new Lyle, 45, finance; and Graeme Michael Deeley, chairman of

have been appointed.

A Taylor Woodrow man from the age of 16, when he joined as a junior in the huying office, Abrahams has concentrated on the sales and marketing side. As Borwell's protegé, he pushed forward with the expansion of Greenham Trading, which has a product range from contractors' tools to leisurewear and which is one of the few huslnesses within the group that has continued to improve its performance through the recession. Borwell, one of the doyens of Greenham Trading, may be asked by the subsidiary board to become its non-executive chairman. Taylor Woodrow reports its full year results on March 30.

ones, including Abrahams,

Co-heads for Salomon

Salomon Brothers has replaced Bill Strong, the bead of inter-national investment banking who left unexpectedly in January, with two members of its existing London senior man-

However, Charles McVeigh,

Meanwhile, Kelth Willard, president of ICI Canada, bas 50, chairman of Salomon Brothers International, and David Jarvis, 51, managing Paul Schindler, the French-man who was ICI's chairman of Asla Pacific, has been made director and head of investment banking for European financial institutions, assume responsibility solely for European investment banking, whereas the rest of international will revert to Richard Barrett and Leo Higdon who run investment hanking worldwide from New York. Strong had recently been promoted from head of the European side, hnt Salomnn says the newly created job had been

client at the same time". He cuntends that Strong spent most of his time on "internal organisation. He was not a client man." McVeigh and Jarvis have known each other for 20

tailored specifically for Strong

and that he had not been doing it long enough to estab-

Jarvis adds that the co-head

arrangement has hecome

increasingly popular at the

bank - "that way we can be

in London and ont with the

lish the structure.

pretty mnch substitutable". McVeigh has been at Salomon since 1971, hnt Jarvis only mined six years ago; he had been vice chairman and chief financial officer of Norwest Corporation.

years and the latter says that it will not be a case of dividing

no the turf as they will be

Siemens, has been appointed md of the Berlin-based KWO Group, which BICC Cahles ■ Geoff Hunter has been pro-

bought last year.

John Lloyd, finance and corporate development director, is to be appointed group md of PORTALS GROUP as from the agm in May. Michael Morley, who is recovering from a recent illness, is taking early retirement as chief executive hut will remain deputy chair-

Brian Stacey, commercial director of AVON RUBBER, is retiring at the end of this mooth. John Harper then Bainer Hermann, previously md of Kablo Bratislava, part of Inflatables, Steve Willcox chairman of Avon S&H and Avori-Clevite; Chris Martin chairman of the Wiltshire Manpower Group.

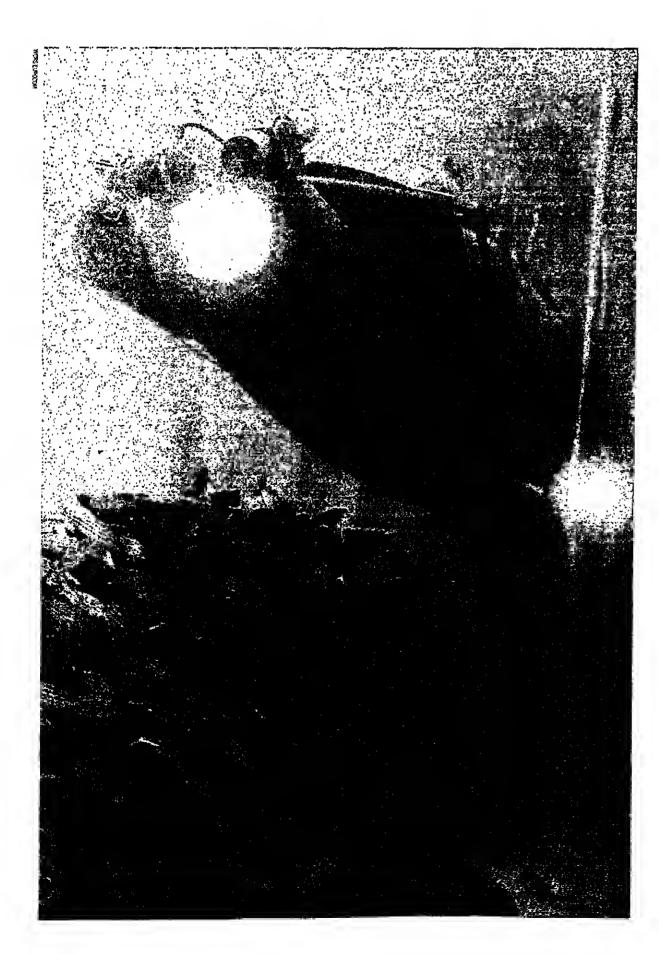
moted to finance director and company secretary of PECH-INEY Packaging Food & Gen-■ Claire Harbour has heen appointed general manager of LOUIS VUITTON UK; she

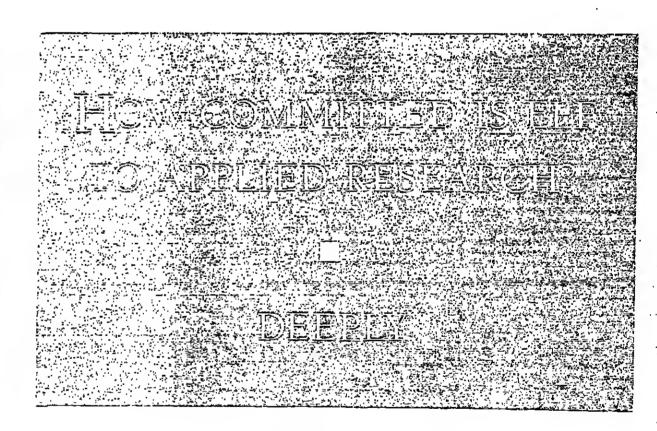
moves from the Swire Group in the Far East. Mike Todman, formerly finance director with Wang Lahoratories, has heen

appointed finance director of WHIRLPOOL UK.

■ BERLIN

OPERA/DANCE





ow do you measure commitment? In terms of finance? Manpower? Innovation? Or maybe ecological soundness?

Elf is perfectly happy to be judged on all four counts. Last year we took research seriously enough to spend over 900 million dollars, which should get us past the first qualification. We also employ 5,800 researchers; they work in oil exploration, petrochemicals, plastics, chemicals, biotechnology and pharmaceuticals.

Two down and two to go.

Our pioneering instincts have developed horizontal drilling for the world of oil production, as well as pharmaceuticals which fight cardio-vascular diseases for the world at large. And the CFC substitutes we produced last year, as part of our 45 million dollar environmental research campaign, will endorse our ecological credentials.

Bur then, if you're serious about research, it's no use just skimming the surface. 🖾



OUR DEDICATION GOES FURTHER

Architecture/Colin Amery

Proud to be Paris

envy Paris. It is a cap-Ital city with a strong L sense of its own identity. It is a city with a government. It is a city devoted to culture and the finer arts of civilisation. It is a city with a working and up-to-date infrastructure. During the last 20 years it has become a city of importance in the history of coutemporary architecture. Londoners can gain some sense of this creative excitement at Paris: A City in the Making, an exhibition at the French Institute in Queensberry Place.

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The exhibition is an offshoot of the Pavillon de l'Arsenal in Paris, a centre founded in 1989 to inform Parisians about changes in the planning and development of their city. Pavillon de l'Arsenal, housed in a 19th century glass and steel building on the Boulevard Morland in the IVe district of Paris, was the hrain child of M. Jaques Chirac, as mayor of Paris. At its heart is a great model of Paris connected to a tactile screen computer. Visitors ask the computer questions, and it answers through a video disc while a laser ray spotlights the relevant sector

of the model. Apart from all this high level technology the Pavillon de l'Arsenal publishes books, runs a lihrary on Paris, and organises regular temporary exhibi-tions. The one in London follows many of the themes of the permanent display in Paris. Alas, the great model does oot travel and so the exhibition is relatively hard work: you must

enjoy reading panels and unravelling plans. Unlike the recent Vision for London model and exhibition at the Royal Exchange in the City, the Paris displays are not afraid of history. History and the study of civilisatioo unlock

ny Londoner must an understanding aod enjoyment of arcbitecture. The creators of the Psris exhibition understand this; they begin their themed explanation of the city's growth and change by explaining how the city sequired the shape it has today. From Philippe-Auguste's walls and crypts to the rampant demolition and rebuildings of Baron Haussmann, Paris has undergone sweeping changes. However, there is always evidence of the grand vision, which is so rare in

Britain

The display in Londoo helps to relate a number of significant architectural developments in Paris to the overall plans and strategies for the city. Visitors cannot hut sense that the developers of Paris both private and public - are aware of the restraints and advantages of ceotralised planning. The interminable peri-pherique, for instance, eocircles Paris like a corset. And it is interesting to observe that Paris'a eocounter with the Modern movement was really a failure - the city remains visually of the 19th century. The immense scale of much of what the Modern movement intended for Paris destroyed the quartier and all the happy mixtures of activity that make Paris work so well. The Ceotre Georges Pompidou, for all its avant-garde attraction, also showed Parisians the crude insensitivity of much modern

The more sensitive Parisians have always valued the density of their city and its hiddeo courts and muddle of uses. The city needs both the grand statement and the gradual renewal of the quartiers. There is a chance in this exhibition to compare, for example, the Parc de Bercy (1990) with Buttes Chaumoot (1860); or the formality of La Grande Arche with the relaxed abstractions of the Parc de la Villette.

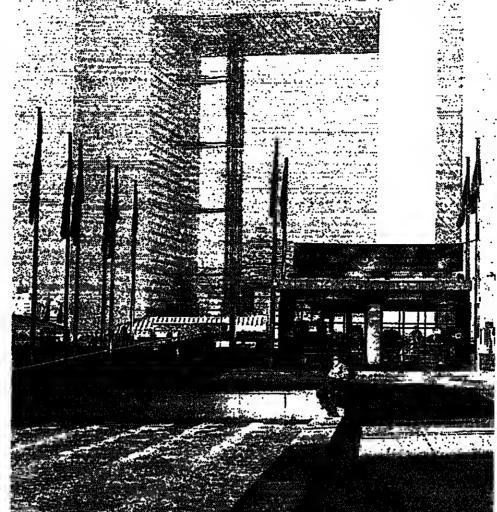
Upil in Se

The most intriguing period in Paris is, without a doubt, the 1980s and the triumph of socialism, marked by the grand presidential projects and the new urhan policies of the city of Paris. In the 1970s, things were not quite so clear; the redevelopment of Les Halles caused much controversy and the rise of the post-modernism of Ricardo Bofill sparked off intense architectural debate.

But President Mitterrand evidently knew exactly what he wanted. His projects are the result of international competition and represent the new wave of modernism.

The unknown Dane, Johan Otto van Spreckelsen, designed the great white marble arch at La Defense. The equally unknown Bernard Tschumi, from New York, won the commission for "the park of the 21st century" at La Villette. The president's wish to turn the entire palace of the Louvre ioto a modernised museum was granted by the American architect I. M. Pei, who provided the most potent new symbol in the city with his pyramid in the Louvre courtyard. The ministry of finance now occupies the huge slah overhanging the Seine designed by Chemetov and Huidohro, and the striking oew City of Music opened at La Villette last year, designed hy Christian de Portz-

With the French elections almost upon us, what will become of the unfinished projects if the socialist government falls? Will Dominique Perrault's atraoge French National Library in the Tolhiac district ever house books in its towers? Francis Soler's International Conference Centre on the Quai de Branly, near the



Confident vision: the great white marble arch at La Defense, part of the new wave of modernism, was designed for President Mitterrand by Johan Otto van Spreckelsen

Eiffel Tower, proposes three Paris remains a city where upon the removal of all sense great glass boxes of an intensely minimalist design. Both these projects could well be casualties of a change of government.

Whatever the political outcome of the next few weeks, architecture really matters as a part of the national culture. That just cannot be said of London, where the boom of the 1980s produced so little of architectural merit and our national leaders seem inteot

of civic pride from the nation's capital.

Paris: A City in the Making, 17 Queensherry Place, London, SW7; Tel. 071-589 6211 (sponsored hy Aeroports de Paris).

Music in New York/Paul Griffiths

Ellen Taaffe Zwilich

The music of Ellen Taaffe hand of a sometime jazz trum-zwilich has made little impres peter, almost nothing in the slon outside the US, hut it is differeot at home, where her scores fly around the country like shots in a pinhall machine. Not a year passes without a new symphony, concerto or mighty orchestral piece, always hidily made, practical, uncomplicated, and sure to appeal to orchestral managements from Florida (where she was born, in 19391 to Alaska.

On the very night of the first performance of her Third Symphony, commissioned and played by the New York Philharmonic. Zwilich was also to be heard in Phoenix and Minnesota. And this was only the first of three Zwilich orchestral premieres planned for 1993.

Zwilich's skill is clear from the new symphony - as clear as the cautiousness that may account for such success. She is cautious not to cause expense (so no additions to the standard symphony orchestra), not to trespass too much on rehearsal time, not to exceed the patience of the many audiences she has the right to foresee (so three movements, and the whole work over in 22 minutes) and not to go beyond, either, what the standard repertory has taught those audiences to regard as the proper stuff of symphonies (so strong themes, strong tonal centres, and a rhetoric of combat).

What comes out of all this is music curiously close to that of another 20th-century sympho-nist who operated under a machinery of cramps and constraints: Shostakovich.

Except for the steamrolling syncopation that shows the peter, almost nothing in the symphony would prevent one's hearing it as a Soviet product of 50 years ago, by a composer taking her bearings from Prokollev (a few moments of spiky glamour reminiscent of Romeo nnd Juliet) as well as from Sbostakovich's symphonic procedures: the emphatically stated keynotes, from which the melodies are often hopelessly adrift and isolated; the insistence on germinal motifs there especially the very Shostakovich-like opening gamhit of rising through a minor third by way ot a minor second); even the desolated triumphs.

For when this symphony finally returns to the F sharp ot its opening, the hlazing triads are perched precariously in an unrooted treble, and dominated by the over-bright, unsteady sound of high trumpets and vihraphone. This moment needs a crack performance - and received one. Zwilich also expects much from her violas, placed at the front right, trom where they can halance the first violins in voice and action, while the resort to traditional sources of energy and argument inevitahly hrings the hrass ensemble and various woodwind soloists repealedly to the fore.

Created for the musicians who were so confidently introducing it to the world, the symphony was perhaps created, too, for Kurt Masur, though in the event of his indisposition it was strongly urged by Jahja Ling, well used to this composer's work.

Avery Fisher Hall, New York

Opera/Max Loppert

La Favorite

ben so much about Welsh National Opera's new production of Donizetti's Favorite is regrettable - singing, musical preparation, production - It may seem perverse to start out on the matter of the Italian text that the company has elected to sing. But since this seems to me symptomatic of the central failure of artistic nerve that characterises this important revival, I make no excuse

La Favorite (1840) is a French grand *era*, the second that Donizetti wrote for Paris. It was regularly performed in that city until 1918, and thereafter kept a toe-hold on the international repertory in Italian translation; but, as every Donizettian knows who has ever compared the two versions eveo briefly, the standard Italian Favorite text is a ghastly botch-up of the origi-WNO's general administrator, Mat-

thew Epstein, is well aware of the overriding argument for performing the opera in its original language (as I know from correspondence with him); its musical director and Favorite cooductor, Carlo Rizzi, admitted on the latest editioo of Radio 3's Opera News that he would have preferred to do Favorite in French. So what happened to away the company's two head-men against their own better judgment?

Enter at this point the Peter Moores Foundatioo, which has funded the production, and which in the WND Favorite programme offers the lame rationale that "the [opera's] surviving performance tradition is in Italy and

America, where it is always sung in Italian". What this has to do with the work's revival in Cardiff, and with a cast entirely made up of anglophooe singers all taking their roles for the first time, escapes me completely.

If the Peter Moores Foundation had also stumped up sufficient cash to pay for Italian stars (Cecilia Bartoli and Gluseppe Sabbatini, say, or even Pavarotti) there would have been some sense in a WNO Italian-language Favorite. At least the foundation has, for the occasion, also undertaken a revision of the Italian version. which eradicates the notorious narrative nonsenses of the standard Italian text (the process of transforming Favorite into Favorita ran up against Italian censorship of the mid-19th century, which turned a rigorous gaze oo religion and historical personages in opera, and which in this case resulted in garhled points of plot and charac-

But this hardly settles the worrying basic question of sponsors exerting influence on a national company's artistic policy. Does language really matter? La Favorite is a noble, serious opera - about the struggle between sacred and profane love undergone by the central figure, Fernand (tenor) in a consciously mastered French

In his works for Paris, Donizetti aimed high, and specifically: the forms are large in scale, the orchestration is careful, and the vocal writing (bar a few rum-ti-tum strettas) is severely simplified, achieving in solo and duet a spacious singing style that

was to bave a powerful impact on Verdi. The French words are clean-cut and cleanly meshed with the vocal line; in Italian, and particularly in the very indifferent Italian on offer here, the effect is constantly fuzzed up.

The larger point about the Cardiff Favorite performance is that a little-known but significant opera is made to seem second-rate: stiffer, less "animally" alive in its musico-dramatic compound than *Lucia* and Lucrezia Borgia, and cardboard-y in its characters and situations. In the New Theatre oo Friday the m at ooce crudely shaped and londly belted. In the fascinating title-role mistress of the king, Fernand's guilty, unhappy lover - the Australian mezzo-soprano Bernadette Culleo gave ootice of a atrong, well-schooled instrument but almost no oohon of bel canto style. Ditto the Fernand of Bonaventura Bottone, the ENO's much-admired character tenor

The remainder ranged from the just-acceptable to the mediocre. The conductor, who failed to instil respect for dynamic markings in his singers, secured fleet orchestral playing but little sense of larger movement. Rennie Wright'a production is "modern" in a competently second-hand fashion: stepped hasic set, symbolic props, gauze, the all-too-familiar productioo lingua franca of the 1970s. What a disappointment!

> New Theatre, Cardiff, then on tour to eight cities, including two performances in WNO's April residence at Covent Garden.



Language problem: Donizetti's La Favorite in Cardiff

Comedy/Antony Thorncroft Steven Wright

The stage is hare apart from an jokes - "I bought a de-caffein-armcbair illuminated by a jokes - "I bought a de-caffein-ated coffee table" - are easily armchair illuminated by a spotlight. No, not Mastermind; something much more challenging and disturbing. A complete scruff wanders on, dressed in black, with his long hair divided by a haldlog dome, like a mad professor. He sits down, picks up a microphone and is away. "When we landed I forgot to take off my seat belt. I discovered I was bauling the aircraft through

the terminal." For well over an hour Steven Wright, perhaps the most admired of American stand up liners, which are not exactly iokes, more bizarre twists to accepted speech and reality. The delivery is relentless; the face deadpan; the variation minimal. Yet Wright creates an entirely credible world and lets slip an awful lot about himself and American society.

Some of it is childish riddles: "what do you put under coasters?". Some of it sixth form word play: "I like to reminisce with people I don't know" Some of it is mildly amusing: "Why are ballerinas always on tip toes? Why not get taller women". And some of it weird: "You never know what you've got til it's gone. I wanted to find out so I got rid of everything".

This is the kind of act that can get very tedious. I smiled occasionally while all around people were laughing hysterically. The skill is that purile

swallowed in the incessant flow, and that there is a sinister undertow which keeps you hooked. Wright talks a lot about his grandfather, with some typical exchanges. "Here's \$5. Don't tell your mother I'm giving it to you. "It will cost more than that."

The act enters the truly oddball when Wright picks up his guitar to sing about a two-dayold baby girl who he has fore-told will become a prostitute. It is disturbingly funny. You realise that there is some method, underlying cohes behind what seems to be random quips. The gap between funny-ha-ha and funny-strange has been hridged.

Wright projects the image of the treewheeling American who hates cops and regimentation. Yet there is minimal swearing; minimal political correctness; minimal posturing. There are hints of Tom Lehrer and a hit of Garrison Keiller. Sometimes his desire to turn the real world on its head - "I like to skate on the other side of the ice" becomes formulaic but Wright is an original imaginative rare talent. Like most comedi ans, you can tell whether you are going to enjoy the act in the first minute. Wright was too predictably smart-assed for my taste, hut I can appreciate his appeal.

Dominion Theatre, London



■ BERLIN

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OPERA/DANCE Staatsoper unter den Linden Tha mein event thia week is tha premiere on FrI of a naw Béjart ballet production, conducted by Daniel Baranboim (repeated March 14, 28, April 4, 10, 15). This week's other performances Includa a song recital tonight by Robert Gambill, Der Freiachūtz and Thurs, Zar und Zimmermann with Kurt Moll on Wed and Salome with Karen Huffstodt on Sat (200 4762) Komische Oper Tomorrow: first night of new production of Flemming Flindt's 1966 Dumas ballet The Three Musketeers (also Sun). Wed: Bartered Bride. Fri: Les Contes d'Hoffmann. Sat: Entführung (229 2555) Deutsche Oper Tomorrow end Frl: Elektra with Janis Martin and Leonie Rysanek. Wed: Gounod'a

Fsust Thurs: Jiri Kout conducts

production of Mathia der Maler.

revivel of Gotz Friedrich's

Sat: Ketya Kabanova. Sun

aftarnoon: Peter Schaufuss

production of Giaatla. Sun evening: Balanchine evaning (341 0249)

CONCERTS Philharmonie Tonight: Georg Solti conducts Berlin Philharmonic Orchestra end Berlin Redio Chorus in concart parformance of Falstaff, with José van Dam in titla rola. Tomorrow: Alexandar Lazarev conducts Bolahoy Orchestra In works hy Rimeky-Korsakov, Glazunov and Tchaikovsky. Wed: Arditti Ouartet plays works inspired by Hölderlin . Thurs, Fri avening, Sun morning: Solti conducts Beethoven'a Second Symphony and Shostakovich's Fifth. Sat: Ivo Pogorelich piano recital. March 17: Piarra Boulez begins two weeks of concerts with BPO (2548 8232) Schauspielhaus Tonight: Hainz Wallberg conducts Berlin

Symphony Orchestra in a Brahms programme, with violin soloist Viktor Tretiakov. Tomorrow: Italian opera gala. Wad: Collegium Musicum Laipzig pleya Mozart. Fri: Arturo Tamayo conducts Berlin Radio Symphony Orchaatra in opening concert of Berlin Musik-Biannale, featuring works by Ligeti and Silvestrov. Sat evaning, Sun afternoon, next Tues: Edith Wiens and Robert Gambill are soloists in Heydn'a Seasona (2090 2156) Friedrichspalast Tonight: Ute Lempar In concert (301 9999)

THEATRE Dautsches Theater Kammerspiela gives the Garman premiara of Howard Branton's Berlin Bertia

on Wed, with a single previaw tomorrow (2844 1226). Schillar Theater is preparing a new ell-mele production of Shakespeare's Aa You Lika It, in a new Garman translation by Thomaa Brasch, directed Katherina Thalbach. First night on Sat (312 6505). Theater des Wastans has Cole Porter's muelcal Anything Goea, daily except Mon (3190 3193) Tickets and Information for thaatre, revuea, concerts and nightcluh showa available from City Center Theatar und Konzertkasse, Kurfürstendamm

16 (tel 882 6563 fax 882 6567) and

Theatarkasse Im Europa-Center

(tel 261 7051 fax 281 9286)

■ NEW YORK OPERA/DANCE

Metropolitan Opera Mein event this week ia premiare on Thurs ot Elljah Moshinsky'e new production of Ariadne aut Naxos, conducted by Ion Marin, designed by Michael Yaargan, with cast led hy Jassye Norman, Thomas Moser, Susanne Mentzer, Ruth Ann Swenson (aleo March 16, 20, 23, 27, April 1, 8). Tonight: Die Zauberflöte, with Kathleen Battla, Peter Seiffert. Manfred Hemm. Tomorrow and Frt: La fanciulla dal West with Ghana Dimitrova. Wed and Sat Cav and Pag with Taresa Stratas, Vladimir Atlantov (362 6000). City Centar Merce Cunningham Dance Co. opens two-week season tomorrow (581 1212). March 16-28 at State Theater: Dence Theetre of Harlam (870 5570)

CONCERTS

Carnegie Hall Tonight and tomorrow: Herbert Blomstedt conducts Sen Frencisco Symphony Orchestra in works hy Bruckner and Copland (tonight) and Dahussy, Harbison, Sibelius end Stravlnsky (tomorrow). Thurs: Piarre Boulez conducts Clavaland Orchestra In Dehusay, Bartok end Messlaen, with pieno soloist Andras Schiff. Sun: James Lavine conducts Aids hanefit concert. Merch 16: Sawallisch conducts Philadalphia Orchestre, with piano soloist Maurizio Pollini. March 20: Chriata Ludwig (247 78001 Afice Tufly Half Tomorrow:

Guarneri Ouartet, with Barnard Greenhouae. Sun: Kalth Jarratt (875 5050) Avery Fisher Hall Sun atternoon:

Pinchas Zukarman, accompaniad hy Merc Neikrug, plays violin sonatas by Bartok, Mozart and Fauré . March 20: June Anderson end Altredo Kraus (875 5030)

THEATRE

Putting it Together: a celebration of Stephen Sondheim'a music, with Julie Andrews, in previews (Manhettan Thaatre Club at City Canter, 131 West 55th St. 581 1212) Candida: one of Shaw's agrijeet playa. In previews (Roundaboul, Broadway at 45th St. 869 8400) Oleanne: Devid Mamei'a powarful drama that atirs up

ideologues (Orpheum, 126 CONCERTS Second Ave et 8th St, 307 4100) The Sistere Rosenaweig: Wandy Wasserstein's comedy

with aarioua undartonaa, nawly tranaferred to Broadway. (Ethel Barrymora, 243 West 47th St.

JAZZ/CABARET

Blua Note Tonight: Ernia Krivda Jazz Saxtet. Tomorrow till Sun: George Sheering Duo plua Jim Hall Trio, showtimas el 21.00 and 23.30. March 23-28: Cleo Laine and John Denkworth (131 West 3rd St. 475 8592) Carlyle Hotel Earthe Kitt is currantly holding court (Madison Ave et 76th St, 744 1600)

■ PARIS **OPERA**

Fri: Myung-Whun Chung conducts Danis Krief's new production of Benvanulo Cellini, with Chris Merritt end Diana Moniagua (In repertory hill Merch 31). Next Tuas: revival of Feuat with Frencisco Araiza (4001 1616) Paiais Garnier Sat: Petar Schneider conducts first of aeven performances of Johannes Schaaf's production of Capriccio, with Felicity Lott, Anne Howella, Theo Adem and Wolfgeng Schoane (4742 5371) Opera Comique Wed, Thurs, Sun: Cyril Diederich conducts Robert Fortuna's production of Mireille, with Marvea Castets and Michela Command alternating in title role. Runa IIII March 25 (4286 8883)

Opéra Bastille Tomorrow and

Châtelet Tonight: Hans Zender conducts Ensemble InterContemporein In worka by

Stockhausen, Dehussy and Boeamans. Tomorrow: Diego Masson conducts Huher, Gesualdo and Dallapiccolla. Wed: Nikolei Demidenko plano recital (4028 2840)

Tháatre dea Champs-Elyaees Tomorrow: Emmanuel Krivine conducts Orchestre National de Lyon in Berlioz, Mendelssohn, Jarrall and Raval, with violin soloiat Auguelin Dumay. Thurs: Davld Zinman conducts Orchestre Netionel de France in Glinka, Prokofiev and Tchaikovsky, with violin soloial Gil Sheham, March 16: Evgany Kiaain (4720 3637) Selle Pleyel Wed, Thurs, Frl: Kurt Sanderling conducts Orcheatre da Paris in Beethoven's Fourth Piano Concerto (Jean-Bernard Pommier) and Schubert's Ninth Symphony, Sat Jecques Mercier conducts Orchestre National de l'Ile de France In Sibelius and Stravinsky, with violin soloist Leonidas Kavakos (4563 0796).

THEATRE

Jackets: Edward Bond'a 1989 tragedy, set in 18th century imparial Japan and modern England, about youth being crushed by the imperatives of power. Till March 27 (Théâtre de la Ville 4274 2277)

Sst in Théâtre de la VIIIe: Sergei

Edelmen pleno recital (4274 2277)

JAZZ/CABARET Lionel Hampton Jazz Club Naw Orlaana lazz trumpetar Tarenca Blanchard and Quintet music from 22.30, daily till March 20 (Hotel Meridian Paris Etolie, 81 Bouleverd Gouvion SI Cyr, lei 4068 3042)

European Cable and Satellite Business TV (All times are Cantral European Time)

MONDAY TO THURSDAY Super Channel: Europeen Business Today 0730; 2230

MONDAY Super Chennal: West of Moscow 1230. Super Channel: Financial Times Reports 0630

WEDNESDAY Super Channel: Financial Times Reports 2130

Sky News: Finencial Times Raports 2030: 0130

FRIDAY Super Channel: European Business Today 0730; 2230 Sky News: Financiel Times Reports 0530

SATURDAY Super Channel: Financial Times Raports 0930 Sky News: West of Moscow 1130; 2230

SUNDAY Super Channel: West of Moscow 1830 Super Channal: Financial Timas Reports 1900 Sky News: Wear of Moscow 0230; 0530 Sky News: Financial Timea Raports 1330; 2030

blna this year will join the world's top 10 traders, but it is finding this exclusive club not as welcoming as it might have expected.

The Cbinese are being obliged to pey much more ettention to trade sensitivities tban ever before. Beijing's protracted negotiations on accession to the General Agree ment on Tariffs and Trade have provided a focus for the misgivings felt by China's main trading partners over the spectscular improvament in its export performance in the past

For the US, the European Community and Jepan, the prospect of China as e world trade power that plays by its own rules is no longer distant. And it should be oo surprise that they are all trying, perhaps belatedly, to ensure they are not disadvantaged as competition inlensifies.

The challenge they face is writ large in their ballooning trade deficits with China: the US deficit in 1992 exceeded \$18bn, the EC's reached \$9.3bn. and Japan's was about \$5bn.

In response to growing res tiveness among its main trad-ing partners, China bas promised to send buying missions to the US and to Europe. Its officials bave also been talking China up as e market for raw materials and equipment. They recently reiterated their foreast of projected imports worth \$350bn to \$400bn in the current 1991-1995 five-year plan.

Chinese officials have also been making much of the fact that the country's overall trade surplus was down sharply last year to \$4.4bn, compared with \$9bn in 1991. They expect it to shrink further this year.

Western governments tend to view these Chinese stetements and manoeuvres as little more than a smokescreen, and are maintaining pressure on Beijing to liberalise its trade regime and so enhance opportunities for foreign entry to the Chinese market.

in Beijing last week, Mr Douglas Newkirk, the assistant US trade representative, spolt out what he said were minimum conditions for China's accession to Gatt. Thesa included: a single national trade policy common to all provinces and regions; full transparency of trade regulations tuntil recently trade was governed by a plethora of secret rules); the gradual removal of non-tariff harriers; a commitment to move to a full market economy; and acceptance of safeguards to protect Catt signatories from a possi-

Long wait for entry

Tony Walker on western misgivings as China negotiates to join the Gatt

CHINA: TOTAL EXPORTS									
	\$bn		\$bn						
1982	21,871	1987	39.542						
1983	22.179	1968	47.542						
1984	24.831	1989	51,628						
198S	27,327	1990	60.920						
1986	31,147	1991	70.292						
1000	•	1992 (10 months to Oct)	62.139						
Sourca: Interni	utional Monetary Fund								



Chinese advance: the quality of equipment has been improving

items, including machinery

end transport equipment

high foreign investment.

sectors where there has been

Exports of these items rose

by aboot 86 per cent in the first

nine months of 1992 compared

with the same period a year

earlier. They accounted for 16

per cent of total exports last

year, up sharply from only 6

China's trading partners

have not overlooked the fact

that investment is pouring into

export-generating industries.

In the first 10 months of 1992,

some \$37bn was committed to

new projects, the hulk located

in special economic zones in

coastal regions. This compares

with \$48bn of contracted direct

foreign investment for the pre-

vious 13 years of the "open

Chinese officials, who a few

months ago were predicting

that China's accession to Gatt

would be a formality, appear to

have been taken ahack by

what they regard as an unhelp-

ful posture adopted by the

west. In last week's Gatt nego-

tiations, Beijing resisted US

pressure to agree to a safe-

guards clause, which would

per cent in 1988.

door" policy.

hle surge in Chinese exports. It is the letter concern, given China's enormous atridea recently as an export power, that is weighing most heavily with the west. An EC official said in Beijing that the Com-munity's principal requirement was a strong safeguards clause. and it was most unlikely to accept anything less

According to the EC representative, in spite of China's claims to have embarked on a concerted process of trade liberalisation, barriers to entry to the China market ahound. Many are derived from bureaucratic interference, auch as the difficulties EC dairy products faced overcoming the sometimes arbitrarily applied bealth regulations.

A decade or so ago China ranked 20th among trading nations with exports of about \$21bn (see chart), which represected less than 1 per cent of world trade. Projected exports this year of \$100hn would account for more than 2.5 por cent of world trade.

The range and quality of its products are also showing marked improvement, with a continuing shift towards more sophisticated manufactured

to impose quota restrictions on items such as textiles and electronic products. It also refused to embrace full market price reform as an eventual goal.

Mr Newkirk charged that China had backed away from earlier commitments. The Chinese, for their part, accuse the west, and the US in particular, of moving the goalposts in the

Gatt negotiations.

Beijing is certain to have been disappointed by Mr Newkirk's comment that it was still a "long way" from fulfilling the requirements of Gatt accession. It would also not have been impressed by his observa-tion that China's situation was unique because "Gatt was not written with a socialist market economy in mind". This, Mr Newkirk said, was why it was necessary to negotiate a "boutique protocol aimed exactly and uniquely at the Chinese system".

he Chinese, who are anxious to resolve the Gatt issue quickly to reduce bilateral trade essures, say it is unfair to impose a special safeguards system on tham when other recent signatories, such as several of the former eastern bloc states, have not been obliged to accept the sama conditions.

On the eve of the resumption of the talks, Mr Li Zhongzhou, deputy director-general of China's powerful Department of International Trade and Economic Relations, told foreign diplomats that recent reforms had "hrought China's trade regime into conformity with the requirements of Gatt".

He cited a long list of reforms, including reductions in import duties, a 7.3 per cent drop in the general level of tariffs by the removal of twothirds of products from the list of 53 still subject to import licensing, and steps towards abolishing about 75 per cent of China's non-tariff barriers.

"These commitments," Mr Li said, "represent a great challenge requiring domestic industries to make difficult policy adjustments in the fece of stronger international competi-

"If these adjustments are reciprocated by greater market access for Chinese goods, our enterprises will manage to overcome the difficulties of adjustment," he added.

China's trading partners, however, burdened by yawning trade deficits, are not showing much sympathy for the teething problems that Chinese industry might encounter in the early stages of trade liber-

Hans van den Broek, the new EC commissioner for external political relations, talks to Lionel Barber and David Gardner

A brief to build bridges

Broek is a man trying to carva out a new role, both for himself and the European Community. After 10 vears as Dutch foreign minister, he has come to Brussels to stake out what he sees as a growing role for the European Commission in framing a common foreign and security policy for Europe. His ambition is tempered hy realism.

The backdrop to his new joh

as the European commissioner responsible for external political relations could hardly be more unfavourable. Europe is stuck in the worst recession since the second world war, feeding into a crisis of confidence caused by the delay of Denmark and the UK in ratifying the Maastricht treaty, the foundation text for the new EC foreign policy.

As if this were not enough, Mr Van den Broek is fighting for elbow room inside the Commission which has chosen to divide the foreign affairs portfolio between himself and Sir Leon Brittan. Sir Leon takes charge of trade, relations with industrialised countries and aid to eastern Europe. Since trade has until now been the substantive foreign husiness of the EC, the Brittan camp has been crowing about where the real power lies.

"Van den Broek will do the hand-shaking; Leon will do the borse-trading," smirked one of Sir Leon's allies.

Sitting in front of two Dutch masters in his office last Friday, Mr Van den Broek, a patient man with a faintly clerical air, appeared relaxed about a joh he insisted he had sought. True, he was still struggling with Sir Leon over the division of power and staff within the bureaucracy, which he described as a "constructive uphill fight". But he remained confident that he would secure "certain minimum toois" to do his job.

Mr Van den Broek is clear there is a job to be done. After the collapse of communism in the east and amid doubts about the long-term military commitment of the US to Europe, the EC - until now a purely civil power - is moving hesitantly to fill the vacuum. "Maastricht is about coming to grips with our international political role, be says. This means, in his view, enlarging the EC to bring in new members, starting with Austria, Finland, Sweden and Norway; involving eastarn Europe immediately in consultations on the political future of the Continent: standing behind the Russian reform effort; and fashioning credible solutions to the conflict in former Yugoslavia, which Mr Van

den Broek is convinced must

involve the US and Russia. Until Maastricht is ratified negotiations on enlargement form the backbone of Mr Van den Broek's job. Talks began last month with the Austrians, Swedes and Finns, with a view to accession in 1995. The Dutchman warned at the time that these negotiations would not be a walk-over. Public opinion in the Nordic countries remains suspicious of Enropean integration, though this may change if the Danes approve Maastricht in a second referendum in May.

It remains EC policy that the newcomers cannot expect Denmark's special treaty ont-outs. We do feel we have to be strict on the conditions." But he stresses: "It is our ultimate conviction - though it is a choice to be made by the appli-cants - that membership is in our interest and theirs."

eastern Enrope Mr Van den Broek is insistent that "we need to make clear that they belong to the fact of European construction". By this, the commissioner means that ways must be found to hind the former communist satellites into western Europe. until such time as their economies can withstand the rigours of full EC membership.

The idea is to expand trade, technology and market access to the east Europeans under the so-called EC association agreements. A second, still inchoate proposal is to hold joint political councils with a view to deciding matters of common interest.

The process of building bridges to the east is running at several speeds, Poland, Hungary and the Czech and Slovak followed by Romania, Bulgaria



Van den Broek: realistic

and Albania. Eventually, Mr Van den Broek can foresee the Baltic republics coming aboard.

The commissioner believes that closer ties of this nature could act as a catalyst to closer economic integration between eastern and western Europe. But he is honest enough to admit that the EC has not been sufficiently generous with market access. "I sense a growing sentiment among member states that we bave to make a greater effort." On Russia, Mr Van den

Broek is much less categorical. The economy is struggling, yet amid the chaos there are still untapped western credit lines: "I am not convinced that financial transfers are the main problem." Instead, he calls for the whole international community to show unequivocal "aolidarlty" with Mr Boris Yeltsin, the Russian president.

On March 26-27, Mr Van den Brock and a troika of EC foreign miniaters will be in Moscow hoping to hear from Mr Yeltsin "what other means may be needed" to underpin economic and political reform. As a long-time Atlanticist -"Euro-Atlanticist", he corrects the Dutchman is convinced of the need for a full US role. The US remains, also for (us in] Europe, the natural coun-

terpart of Russia." It is not, therefore, surprising to learn that Mr Van den Brock has been quietly urging EC aupport for President Clin-

tive. This is part of a broader view that the US - and most likaly Russia - must be involved in enforcing a political settlement in former Yugoslavia, if and when it comes. The problem in the past was that "the parties were led to believe that undertakings reached at the negotiating table would never be enforced". FI)

Th

Mr Van den Broek presided over the purely European effort to broker peace in Yugo-slavia when he chaired the EC's Council of Ministers in the second half of 1991. While loath to undervalue the EC's role as by far the largest donor of humanitarian aid, he acknowledges that the Com-munity has often given the impression of division", notably when Germany pressured the 12 into premature recognition of Croatia in January 1992.

He draws the comparison with the EC's swift and united response to the August 1991 coup attempt in Moscow. Here the Community had an old enemy in its sights, and reacted almost reflexively. Post-cold war, however, the Community was forced to deal with a resurgence of ethnic rivalries and nationalism in the east which in the west had largely been consigned to the past. The result was that France recalled its historic links with Serbia and Germany. its ties with Croatia. The Franco-German axis which carries the EC forward did not work.

At the time, as the commis sioner acknowledges, he was bitterly at odds with Mr Hans-Dietrich Genscher, then Germany's foreign minister. Mr Van den Broek now wonders whether "my colleague Mr Genscher would be as angry with me about my position [or recognition of Croatial as he was then".

The lesson he believes the EC should draw applies not. only to Yugoslavia, but also to its post-cold war relationship with the fragmenting east of the Continent as a whole. "I do not dispute the right of selfdetermination for ona moment. But are we also prepared to defend that recognition in the event of an appalling state of violence - the extent of which we could barely imagine?"

INVITATION FOR INTERNATIONAL PUBLIC TENDER

CONCESSION OF DRINKING WATER AND SEWAGE DRAINAGE SERVICES CURRENTLY PROVIDED BY DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS) [PROVINCIAL BOARD OF SANITARY WORKS] OF THE PROVINCE OF TUCUMAN

Law Nº 6071. Decree Ac. Nº 07/1 - 93; Decree Nº 288/3/93

FIRST STAGE

OBJECT:

CALL FOR PREQUALIFICATION OF BIDDERS INTERESTED IN THE CONCESSION.

OPENING OF TENDERS

PLACE: HOUSE OF GOVERNMENT, White Hall, located at 90, 25 de Mayo St., 1st. Floor, City of San Miguel de Tucumán. REPUBLIC OF ARGENTINA.

DATE: April 19, 1993 (19.04.93) at 12.00 a.m.

VALUE OF BIDDING CONDITIONS: U.S. \$ 10,000.- (U.S. Dollar Ten Thousand).

SALE OF AND ENQUIRIES UPON BIDDING CONDITIONS: Bidding Conditions may be enquired upon or purchased as from February 18, 1993, (18.02.93) at the DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS), Telephone 31-0162 Fax 31-0297, located at 129 Monteagudo St., in the City of San Miguel de Tucumán (Mail Code 4000), Republic of Argentina, or at the CASA DE TUCUMAN, located at 823 Bartolomé Mitre St., in the Federal Capital City of Buenos Aires, Republic of Argentina, Telephone: 40-4994 / 40-0655 - Fax 40-5185.

SUBMITTAL OF TENDERS: Bidders may submit their respective tenders at the DIRECCION PROVINCIAL DE OBRAS SANITARIAS (DIPOS), located at 129 Monteagudo St., in the City of San Miguel

REPUBLIC OF ARGENTINA **PROVINCE OF TUCUMAN**

Ministry of Economy. Secretariat for Public Works and Services Dirección Provincial de Obras Sanitarias (DIPOS)

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

stories of oppressed Russians

From Mr Eugene M Iwanciw. Sir, The Financial Times is to be applauded for its editorial ("Russia's backyard", March 2). President Yeltsin's call for the United Nations to grant Russia "special powers" is simply a request for justification of Russian imperialism. Russia is not the solution but the problem in many of the conflicts in the former Soviet Union. in Moldova, for exam-ple, it is the Russian 14th army which induced the conflict among the various ethnic groups. It is the Russian 14th army which is now illegally dismembering this sovereign

nstion. While the FT expresses concern about treatment of the 25m ethnic Russians living outside Russia, it axpresses no such concern about Russian treatment of a similar number of non-Russians living in Russia. While there are about 11m Russians in Ukraine (22 per cent of the population), almost 50 per cent of the schools are taught in the Russian language. But there are no Ukrainian-language schools for the 9m Ukrainians living in Russia (almost 1m in Moscow alone). Yet Russia claims Russians in

Ukraine need protection! The reaction of some of the newly independent nations toward Russians, if not defensible, is at least understandable. Many of the Russians came to these nations as conquerors and now expect to retain their privileged positions while refusing even to learn the local

Did the world expect France to continue the special privileges of German occupiers at the end of the second world war? The only differences are that the Russians occupied these nations longer and were more vicious toward the native populations.

Let us keep these issues in perspective and not be swayed by a new wave of propaganda emaneting from Moscow. Eugene M Iwanciw. Ukrainian National Associa-

400 North Capitol Street NW, Washington DC 20001

Two sides to | Maxwell pensioners deserve security without further delay

From Mr Kenneth Trench. Sir, Your report on the Seri-ous Fraud Office's effectively stopping the select committee's investigation into the Maxwell pensions scandal ("Maxwell pensioners suffer setback". February 27) highlights the frustration and mental anguish the pensioners have been suf-

fering for more than a year. The slow process of criminal justice for the few is hampering moral justice for 20,000. The select committee chairman, Frank Field, says his inquiries will continue after relevant criminal proceedings have been completed. Best estimates are that the Maxwell trials will not even begin before

The Maxwell pensioners have claimed that the cause of their dilemma is inadequate

protection of pension investment under the Finance Services Act and lack of proper delegation of regulatory powers by the Department of Trade and Industry to the investment Management Regulatory Organisation. The report on IMRO'a actions in relation to Maxwell pension funds was promised by the Securities and investments Board to Maxwell pensioners early last year. Fortuitously for some, it was

not produced until after the arrest of the Maxwells in June. The report immediately became sub judice, destroying at a stroke the pensioners opportunity to prove quickly their case for compensation. When the report finally surfaces for Mr Field's committee

to resume its investigations it will be useless to many pen-

sioners. By then several hun-dred will have died. The human dimension of the misery of the Maxwell pensioners makes this a City and political scandal that will not go away. With regulation as it now stands, it could be argued that anyone investing in a pension scheme should insure it

against fraud, as they would insure their home against fire. The government should act now to first give long-term security to the Maxwell victims and then quickly to implement change in an effort to give pensions back the image of security they once enjoyed. Kenneth Trench,

Maxwell Pensioners Action 12 Brian Hill

Sellafield discharge actually very small

Sir, Bronwen Maddox reports ("Sellafield has second leak", February 26) that British Nuclear Fuels discharged more than seven times tha usual weekly amount of radioactive iodine at the Sellafield nuclear site during the week ending

To the layman this would

this releasa on the most exposed member of the public living near the site is equivalent to that which would take place during a 15-minute flight on a passenger aircraft.

The fact that we have such sopblaticated measuring devices at Sellafield which can detect such minute amounts should, in itself, be reassuring appear to be a buge amount.

But the radioactive impact of detecting discharges which

result in such amall dosages requires detailed analysis. That inavitably means a delay between the actual release and its detection. That is why there is a delay in the reporting of auch incidents JRS Guinness

British Nuclear Fuels,

BR's pension obligation

From Mr Sean Hand. Sir, I concur with your view ("Pensions at Risk", March 3) that dilution of benefits will do nothing to enhance confidence in a pensions system which has suffered gravely from the activities of the late Robert

Reviewing the government's proposals for railway pensions after privatisation, I came across the following paragraph:
"The government will need to
be satisfied that the method of allocation of surplus assets strikes a fair balance between all interested parties, including contributing members, pen-sioners, deferred pensioners, current and prospective employers, and the taxpayer who is contributing through the government support contrihutions."

A statement like this from any other sponsoring employer of an occupational pension fund would raise eyebrows even of those taking the broadest view of conflicts of inlerest. It seems to me that the gov-ernment is in a position comparable to that of an employer in such a scheme. Perhaps the most appropriate way to deter-

mine the distribution of sur-

plus assets within the BR's pension fund is by the appointment of a truly independent trustee body. Sean Hand, ns partner

Dibb Lupton Broomhead, 125 London Wall London EC2Y 5AE

Options for encouraging lower payouts

From Mr Christopher Haskins. Sir, Barry Riley ("The long view", Fehruary 27/28) is of course correct when he points out that British companies pay out too much dividend and retain insufficient funds for

The chancellor can mitigate this situation at no cost to the Treasury by increasing taxes on distributed profits and/or reducing taxes on profits retained for reinvestment. Christopher Haskins

chairman, Northern Foods, Beverley House St Stephen's Square Hull, HU1 3XG

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Monday March 8 1993

The pleas for manufacturing

had a 30 per cent share of world

trade in manufactures at the start

of the century. It now has less

than 9 per cent. Germany had 20

per cent then and has 20 per cent

now. In Prof Crafts' view. Ger-

many's success can be put down

to a policy of accumulating

long-term assets such as human

skills and research. UK manufac-

turers are hampered by short-term pressures from their shareholders. The answer is to change company

law and make takeovers more dif-

At this point one starts to feel

uneasy. It is one thing to argue

that the long-term solution for

British manufacturers is to establish a more stable and reciprocal

relationship with both capital and

labour, on the German and Japa-

nese model. But the beneficial

effects of any changes in the law would he uncertain, while they

would impose substantial costs.

Meanwhile, the government is

under pressure to belp industry on

other familiar fronts, such as

export credits and advance corpo-

ration tax. On the first, it can be

argued that the chief point of

export credits is to help companies

do husiness in countries where

there is little security of payment.

Shipping out goods without pay-

ment is not an export but a gift,

As for ACT, the system has

anomalies. But the simple answer is to pay less in dividends. This

brings us back to short-termism

and the need for a more stable

relationship between companies

and shareholders. But this is a

matter best hammered ont

Manufacturing is not self-evi-

dently more important than all other activities. It is just more

enfeebled because it is more inter-

nationally exposed. Salvation does

not lie in schemes in favour of

manufacturing as a whole, still

less in favour of particular indus-

tries. The answer lies partly in government policies that improve

the performance of the UK econ-

omy. But it also lies in the hands

of British industrialists. If the Jap-

anese can make internationally

competitive products in the UK,

why do their British equivalents find this so difficult?

between the parties themselves.

however financed.

International exposure

THE PRIME minister has said manufacturing matters and who University, points out that the UK could possibly disagree? But to leap from that proposition to the belief that manufacturing is more real and reliable than other forms of activity is heroic; to leap to the view that manufacturing should be specially favoured by government could prove disastrous.

People who believe that only manufacturing is economically important need to wander about the industrial graveyards of eastern Europe and the former Soviet Union. People who believe that manufacturing must generate increased employment in the IIK need only look at the statistics for virtually all developed economies, including Japan. It is rather more relevant thet UK manufacturing output last year was just 1 per cent higher than in 1973. This does seem to he saying something, especially when the economy grew by more than a third over the period and Britain went into deficit on manufactured goods a

In the long run an advanced country cannot increase its indebtedness to the rest of the world without limit. So demand for and supply of tradeable goods and services need to be roughly equal over the long rum. Since manufacturing is the preponderant tradeable element in the economy, its poor performance must say something about the prospects for long-term economic growth.

Before deciding what needs to be done, however, one needs to understand why manufacturing has grown so little. The most plausible explanation is that deep-seated weaknesses of the economy show up in parts of the economy most exposed to international competition. If so, the weakness of manufacturing is not a cause of the UK's economic problems, but rather a symptom.

Two time scales

Possible remedies can be viewed on two different time scales. The worsening position in the 1980s can, for example, be attributed to specific mistakes in economic policy: too high an exchange rate, and too much stimulus to demand. The short-term corrective - a massive real depreciation of sterling - has already been applied. There may be more to it than that. Professor Nick Crafts, an

apparently preparing to resume talks on Hong Kong and the gover-

nor calling for a "spirit of realism" about them, the people of the col-

ony might be getting a familiar

feeling that their future is ebout

to be decided without their partici-

pation. Mr Chris Patten may vow

(LegCo) will never be a ruhber

stamp for the executive, but it is

difficult to see how the govern-

ments concerned would proceed if

an eventual Sino-British agree-

Nevertheless, the conciliatory

noises emanating from both sides

do not necessarily presage the end of Mr Patten's proposals for politi-

cal development. China's blanket

opposition to them last October

has now been replaced by e will-inguess to talk. Even if that is in

essence a delaying tactic, it also

represents an acknowledgement

that its propaganda campaign

against the governor has failed. Support in London remains solid,

and the community in Hong Kong

is still broadly behind him. More-

over, Mr Patten's proposals have brought a deepening of political debate within Hong Kong. The col-

ony's politicians have assumed a

greater responsibility for Its future, and this will be hard for

the future sovereign power to

ignore. China has consistently

maintained that the future of

Hong Kong is a matter for talks

over four years, China stands to

gain from satisfactory resolution

of this problem - in effect, a test

of the "one country, two systems"

approach which Mr Deng Xiaoping

devised as the means to re-absorb

lost territories. There can be little

real confidence in Hong Kong's

economic future if Beijing does

not allow it to develop a system of

its own, within the framework

already agreed between Britain

Clearly there are differing views

within the Chinese government

about how to handle the present

disputs. While systematically support.

Co's express wishes.

Differing views

ment were rejected by LegCo.

that the Legislative Council

The stakes in

Hong Kong WITH LONDON and Beijing attempting to ondermine the governor, the Hong Kong and Macao Affairs Office of the State Council is participating in an investment venture which will give it a direct stake in maintaining the confidence of financial markets. In 1992 alone, China is estimated to have invested US\$20bn in Hong Kong. Planned listings of Chinese companies on the Hong Kong stock market indicate a central role for the territory In China's development. With its stake in Hong Kong's future growing, Beijing bas an interest in obtaining a solution of the present disputs

which bolsters confidence. Room for compromise Despite the apparent gulf between London and Beijing on political development, there is scope for a compromise which could satisfy both sides, combining convergence with the post-1997 Basic Law and greater democratic representation. This must be the goal of any talks. Such a compromise would greatly bolster confidence and would probably meet one of Mr Patten's key principles that the solution be acceptable to the people of Hong Kong. He has said from the start that the Hong Kong community's desire for more democracy was balanced by a desire for convergence with the Basic Law, and that China's opinions had to be taken into

with Britain, not with the Hong Since it would be silly to squan-Kong government and certainly der the opportunity for talks by not with LegCo. But it would now precipitate action, the current have to besitate before insisting delay in putting Mr Patten's proon a solution which ignored Leggramme to LegCo is not important. But LegCo must eventually be allowed to debate amended proposals, or the current ones if there As it will be in charge in a little

are no Sino-British talks. The fact that the possibility for compromise exists does not, of course, mean that there will be one. China has got virtually everything it wanted out of talks with Britain on Hong Kong. But regard-less of the finer points of negotiation, Mr Patten's open approach has forced greater recognition of the realities of Hong Kong's future and has drawn Hong Kong more into the process of developing Its own "system". It is good for the long-term interests of Hong Kong - and therefore, ultimately, of China. He deservee continuing

elcome to the Bill and Andy Show, says Bill Gates chairman of Microsoft, as he mounts a stage with Andrew Grove, chief executive and president of intel. to introduce the latest product of their companies' joint efforts to bring video pictures to the personal computer screen.

Lately, the "Bill and Andy Show" has become the most closely watched act on the information technology stage as Intel and Microsoft assums the role of industry leaders against a backdrop of rapidly shifting technology trends.

Long the dominant suppliers of microprocessors and personal compnter software - the "hrains" inside the personal computer and the programs thet control its functions - Intel and Microsoft have smerged over the past couple of years as the most powerful companies in the computer industry.

Not since the heyday of Interna-tional Business Machines has there been such a concentration of power In the sector. Just as "Big Blne" was unassailable in the 1970s and early 1980s, now Intel and Microsoft appear unbeatable. Each company commands its field - Intel as the world's largest chipmaker and Microsoft as by far the biggest supplier of PC software. However, as the West Coast duo

Intel of California and Microsoft of Washington state - prepare to expand their territory beyond the PC market with the introduction of more powerful chips and software for higher-performance computers, their strength is about to be put to the test. Both aim to use their mastery of the PC market to dominate the next phase of computing technology as microprocessor chips become the building hlocks for more powerful "servers" - computers that feed information to networked PCs.

The microprocessor chip has destroyed the oligopoly of the mainframe and minicomputer makers," says Andrew Grove. inveoted over 20 years ago by intel, this miniature information processor has replaced custom-designed processing units and facilitated the mass production of personal computers. Microprocessors have now become so powerful that they rival the performance of minicomputers and mainframes, the traditional workhorses of informa-

tion processing technology. The model of the 'old' computer industry has been broken by the microprocessor," says Mike Maples, executive vice president of Microsoft. "In the past, the manufacture of computers, the creation of soft-ware and support services were all provided by a few tightly integrated companies such as IBM and Digital

This structure is being "bulldozed" by the advent of low-cost computers based on microprocessors, says Grove The "new" computer industry is becoming increasingly segmented into hardware, semiconductor, software and service specialists.

IBM's financial problems demonstrate the impact of this shift in the balance of power. In January, It reported net losses of almost \$5bn sizing". It plans to cut 25,000 jobs this year after reducing its workforce by more than 40,000 last year.

The same technology and market forces that bave blown IBM off course have henefited Intel and Microsoft. Intel's 1992 sales rose 22 per cent to \$5.84hn and net profits were up 30 per cent at \$1.07bn. For fiscal 1992 ending in June, Microsoft recorded a 50 per cent jump in revenues to \$2.8bn, while net Income rose 53 per cent to \$708m. Microsoft and intel are dwarfed

hy IBM's revenues - \$64bn in 1992 - but they have become the "keepera of the flame, the keepers of industry standards", says Roger McNamee, of Integral Capital Partners, an investment partnership.

Computer users now look to them, rather than to IBM, to map out the future of information technology. "Microsoft's products are at the forefront of most customers' long-term computer systems strate-gies," says Mort Rosenthal, chair-

Microsoft and Intel are seeking to reinforce their dominance in information technology, says Louise Kehoe

The hottest act in town

man of Corporate Software, a US distributor of software.

But doing business with Microsoft "is like water-skiing behind the Queen Mary," he says. "When you do business with Microsoft you do business their way."

Similarly, computer manufactur-ers are forced to follow Intel's lead. As the sole supplier of leading-edge microprocessors, Intel can dictate when new computers are introduced by its customers. In e recent confidential letter to customers Intel even specified the prices that it expects them to set for the next generation of PCs.

If intel's customers are unhappy they are not saying so publicly. Competitors, however, are less reticent. intel has huilt an "illicit monopoly" in the microprocessor market, says W J Sanders III, chairman and chlef executive of Advanced Micro Devices, a semiconductor rival that has engaged in a legal feud with Intel over rights to microprocessor technology.

Microsoft has also been accused of abusing its power. In particular, competitors charge that its use of "per-processor" licensing arrangements for PC software restricts competition. Under these arrangements, Microsoft gives discounts to PC makers who agree to pay a licensing fee for every PC they sell. This makes it difficult for competitors to persuade PC makers to offer alternative operating systems.

uch complaints have drawn the attention of the US Federal Trade Commission, which receotly completed anti-trust investigations of both companies. The ontcomes of these Investigations have yet to be determined. However, the FTC is not expected to take action against Intel and the commission last month split over wbether to seek an injunction against Microsoft.

Even if the FTC does nothing, the dominance of intel and Microsoft will remain a controversial issue in the computer industry. Steve Jobs, chairman of Next Computer and the former chairman of Apple Com-puter, has publicly called for the break-up of Microsoft. He fears the company's control over the software market discourages innovation and limits competition.

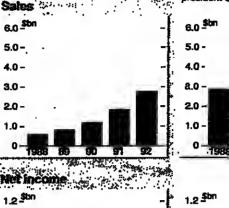
Microsoft maintains that complaints by rivals are just "sour grapes". "Leading an industry does not mean that you win popularity 23 years at IBM before joining Microsoft. He says that Microsoft has become the industry's latest whipping boy, just as IBM was.

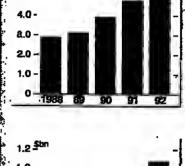
Despite such comparisons with IBM, Microsoft and Intel claim they have no amhitions to become industrial giants. "We are a maker of building blocks," says Grove of intel. The company will continue to concentrate primarily on manufac-turing chips and PC add-on circuit boards, he says. Microsoft also aims to remain focused on its "core competences" - developing and selling software that makes computera easier to use. "We have avoided getting into the hardware business, says Maples, adding that Microsoft is deliberately limiting Its rate of growth. "It is not that there aren't plenty of opportunities, but you can get fat and lazy" he explains.

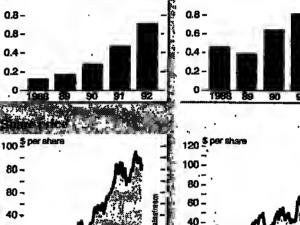
Intel and Microsoft nonetheless have plans to expand their markets with important products that will be launched shortly. These are: Microsoft and Intel: a dynamic duo











big inconvenience to that person.

But if a bank's transaction register

• Peotium: This month intel will unveil its fifth-generation microprocessor. At least twice as powerful as the Intel486, the current top-selling mlcroprocessor, Pentium is intended to power a new generation of high-performance desktop computers and PC network servers. Now expected in May, Microsoft's NT will combine the features of the popular "Windows" program that enables PC functions to be selected

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hy a pointing device with advanced capabilities such as "multi-tasking the performance of several tasks simultaneously. The combination means it should be possible, for example, to search through a database while writing a document.

Intel and Microsoft aim to cement their industry leadership with these new products. But while industry analysts have high expectations for both Windows NT and Pentlum, there are significant hurdles. For NT, success depends on

breaking into a market in which Microsoft has little experience. Whereas its current products are aimed at individual PC users, NT is designed for critical applications within industry such as management of corporate databases. "If somebody's PC word-processing program stops working, It is a

fails, millions of dollars may be lost. Microsoft has no experience in supporting such customers," says Mr Bill Bluestein, senior market analyst at Forrester Research, a market research and consulting group. Windows NT may also face competition from Unix, the widelyused operating system developed by

AT&T and receotly acquired by Novell, one of Microsoft's few serious rivals. Unix supporters dismiss NT as an unknown entity. "NT is like a blind date - you don't know what she is going to look like until she turns up

at the door," says Scott McNealy, chairman and chief executive of Sun Microsystems. intel's Pentium faces fewer obstacles, but it is not without competition, some of it created by Windows NT. The new Microsoft program will be able to run on microprocessors from intel's rivals such as Digital Equipment and Intergraph. However, these companies pose little threat to Intel's dominance in the

sors that the PC industry consumes each year. More challenging are rivals such

PC market because they do not

bave the production capacity to

make the millions of microproces-

as AMD that are producing similar versions of Intel's existing products. Already, AMD has claimed more than 50 per cent of the market for 386s, the third generation of intel microprocessors.

The almost simultaneous introduction of Pentium and Windows NT "is a total coincidence" says Paul Maritz, Microsoft senior vice president. But the two companies did work closely in the development

of the products. Such collaboration has been common since intel and Microsoft were chosen by IBM to supply microprocessors and software for its original PC more than 10 years ago.

"We have a very large area of common interest. We co-operate very well and our technical people spend a lot of time together," says Maples. "Both companies have a vested interest in the structure of the industry as it exists today, adds Maritz, who worked for five years at intel before joining Microsoft. "We are both motivated to ensure that it keeps growing."

o this end, they are jointly proposing an industry standard for video display technology which allows the trans mission of moving pictures on com-

puter screens. Yet both Microsoft and Intel have other partners. "The success of Microsoft can't be tied to the success of intel," Maples says. "If either one of us drops the ball there are others ready to pick it up,

agrees Grove.

The partnership is expected to face increasing pressure. "The alli-ance between Microsoft and Intel is a marriage of coovenience," says Roger McNamee, "It has been rewarding to both rompanies, but the opportunities for Microsoft's interests to diverge from those of Intel are increasing with the introduction of Windows NT. As the focus moves from stand-alooe desktop PCs to networks, pressure is mounting for Microsoft to make its systems compatible with multiple [microprocessor] platforms."

Both Intel and Microsoft may also prove vulnerable to the next "technology shift"; the introduction of a radically new technology.

"That is the great danger. We think about it a lot," acknowledges Maritz. One such shift which concerns Microsoft and intel is the emergence of pocket-sized "personal communicators", devices that com-bine a PC, a telephooe and a facsimile machine in a hand-beld device.

"The benefits of compatibility with existing PC standards are not clear in this emerging market," says McNamee, intel and Microsoft could be followers, rather than leaders, in what many industry analysts are predicting will become a multibillion dollar market.

Another threat could be "object-oriented technology"; a method of streamlining the lengthy process of writing new software application programs. James Cannavino, IBM senior vice president, predicts that "objects" will sharply increase the productivity of programmers. IBM is in the forefroot of this technology through a joint venture with Apple Computer, called Taligent. But Maritz dismisses IBM's claims. "Objectoriented technology is the software industry equivalent of Ingredient X' in soap powder," be says.

IBM is also working with Apple and Motorola, the number two US chip maker, on a range of microprocessors that could dislodge intel's power in the PC sector. But Grove doesn't give the IBM alliance much chance of beating Intel in the microprocessor market. "They are building s new railroad to a different gauge," he says. The value of existing "rolling stock", or software in the computer world, is a big disincentive to change.

Yet the history of the computer industry suggests that technological change will overtake today's indus-try stars. While "Bill and Andy" hold centre stage in today's IT show, the lead roles have yet to be cast in the next act of this industry drama. There are plenty of emerg-ing players and established acts waiting in the wings for an opportunity to opstage them.

OBSERVER

A yen for altruism

■ The last country either Bill Clinton or Boris Yeltsin probably thinks deserves a good turn from them at the moment is Japan. The US president thinks it should bring down its trade surplus. His Russian counterpart thinks It ought to be less tight-fisted with aid.

So it is a testimony to their altruism that they should be combining to thrust their own nations' money into Japanese pockets at their summit meeting in Vancouver next month - unless their supposedly omniscient advisers have made a boob.

In choosing the Pan-Pacific Hotel as the summit's venue they perhaps didn't twig that, like several more of Vancouver's top hostelries, it is owned by a Japanese group, in this case the Tokyu conglomerate.

Still, all may be forgiven once the two presidents arrive. The hotel sits atop Canada Place, the waterfront convention centre whose giant Tefion sails bear a passing resemblance to the Sydney Opera House. The views over Burrard Inlet and the snow-capped mountains beyond are superb.

The Pan-Pacific is especially proud of its kitchen. Its executive chef was a member of the Canadian team which won last year's Culinary Olympics in Frankfurt. Almost as distinguished is one of the sous-chefs, Enrico Balestra, a

former opera singer who provides the entertainment at an "Italian Opera Buffet" In one of the restaurants each Friday night. Clinton and Yeltsin will be spared that treat, however, as the summit doesn't start until the Saturday.

Nipped in the bud ■ What's blighting Britain's budding bankers? Passes in the customer services section of their chartered institute's exams last May came out at a miserable 22

per cent of entrants, despite

instructions to markers to look

more for good than bad points. Gobbledegooked answers is the main culprit, suggests the relevant chief examiner Richard Hands, who evidently sees the said lack of clarity as more than an academic problem. "Many complaints concerning bank services stem from a failure to provide an adequate explanation to the customer," he

writes in the institute's journal. But lack of empathy is also at fault, to judge by his hints for future candidates. It is scarcely fitting for bank staff to try to interest newly jobless customers in long-term investments such as nensions, for instance, or to advise them to put part of their redundancy money towards repaying "an existing affordable mortgage"

Particularly not a bank mortgage, one assumes. Oh...and candidates should not be misled by textbook references

GLOOM

UNITED KINGDOM PLC

to the average margin on personal lending being between 3 and 6 per cent. "Such generalisations no longer work," says Hands. "Personal loans currently carry APRs in the order of 20 per cent against a base rate of, say, 7 per cent. Unauthorised borrowing can be charged at 30 per cent or more!" The exclamation mark, by the way, is his.

Catch phrase

■ However anxious anyone may be to flatter Italian business contacts nowadays, it would be as well to avold referring to them

as VIPs. With the anti-corruption clampdown in their country, the acronym has come to stand not so much for "very important person", as for visto in prigione or "seen in prison."

Time check

■ Race against the clock. That is the message of new statistics for hurried drivers using Londoo's notorious M25 motorway. The Automobile Association says that of the 403 serious delays on the orbital road last year, the majority were oo the clockwise carriageway.

Mind you, the benefit of travelling in the other direction is scarcely compelling. The clockwise ring had 206 hold-ups, one for every 1,017 yards of its 119 miles. The opposite carriageway had 197, one for every 1.063 yards or, in terms of delay-free distance, an extra 139ft 4in.

Obverse side

■ Premier Major's new found concern that honours should go only to those who pateotly deserve them is shared by many South Americans, Having noted Argentinian president Carlos Menem's decoration of Chile's Augusto Pinochet, they are puzzled by what the Chilean general has done to merit the award.

After all, Pinochet is most memorably linked with Argentina as Chile's president when the two countries almost went to war over territorial disputes in the 1970s. Moreover, be has scarcely earned democrats' plaudits in later years. Before stepping down as dictator, he ensured he would stay probably

the only bead of a country's armed forces who is not even nominally under presidential control. As such, he has been a constant thorn in the flesh of his democratically elected successor Patricio Aylwin. But thet perhaps solves the

puzzle, for when Chile's present president handed a gong to the former Argentinian president Raul Alfonsin, the recipient's main political enemy Carlos Menem was sore miffed. So the latest award may be less to honour Pinochet than to splte Aylwin.

Translated

■ Although their hearts swelled with pride, the cricket-loving British accountants visiting the test match in India could hardly helieve their ears.

As representatives of CIMA, the 33,000-strong Chartered Institute of Management Accountants, they knew that its Indian membership was only about 250. But as they took their seats, with the home eleven already out oo the field the whole arena rose and began shouting "CIMA...CIMA...

Then the penny dropped. Not wanting a spinner to open the bowling, the crowd was demanding a seamer.

Van Miert plan threatens EC support for ailing west European industry

Italy's steel subsidy in jeopardy

By Andrew Hill in Brussels

MR Karel van Miert, European Community competition commissioner, is to press his demands today to outlaw L650bn (£286m) of state subsidies to Ilva. Italy's lossmaking state steel company. But some of his colleagues fear

such an action could provoke a political backlash from the Italian authorities and threaten EC plans to support the ailing west European steel industry.

Senior aides to the 17 commissioners will today discuss whether Mr Van Miert's proposals should be put on the agenda at tomorrow's full meeting of the European Commission.

Barclays'

chief will

dilute his

By John Gapper, Banking Correspondent, in London

MR Andrew Buxton, chairman

and chief executive of Barclays

Bank, one of the largest in the

UK, yesterday responded to investors' criticism of the bank's

top management by promising

that "a significant part" of his

responsibilities would be passed

to a new senior executive this

Mr Buxton, whose bank last

week reported a £242m (\$344m)

pre-tax loss and halved its final

divideod, acknowledged that he bore a share of the hlame for a

rapid growth in property and construction lending in the late 1980s which contributed to bad

debt provisions of £2.5hn for 1992.

accepted that shareholders had

worries about Barclays' manage-

ment, hut believed these were not

overwhelming.
"I acknowledge that some

shareholders are concerned, hut I

have not got the impression that

they want to fire the whole of the

Mr Buxtoo's remarks follow

expressions of discontent from

fund managers holding about 15

per cent of the bank's shares over the quality of its management.

Some investors believe that Mr

Buxton, who was appointed man-

aging director of the bank in May

Mr Buxton, who was appointed

chairman in January, said the

bank was considering appointing

who did not take a significant part of my responsibilities away from me," said Mr Buxton, who is

to hold a series of meetings with

large shareholders over the next

1988, should resign.

management team," he said.

He told the Financial Times he

powers

At a special council of EC industry ministers 10 days ago Italy's Mr Giuseppe Guarino said Rome would oppose the Community-wide steel plan if the Commission did not back Ilva's L650hn recapitalisation. An Italian diplomat warned that outlawing the aid package "could deto-nate a bigger problem".

Some Commission officials bave serious doubts about the

timing of the commissioner's move. One official said last week he thought discussion of the move would be deferred so as not to interfere with deliberations on the overall steel rescue plan. But Mr Van Miert, who has made clear that EC state aid rules will not be relaxed for the steel industry, seems determined to call the bluff of the Italian authorities. He wants Rome to recover L350hn already paid to the lossmaking steelmaker in the form of a capital increase, and freeze plans to pay a second

Italy has written to the commissioner urging him to delay a decision on the subsidies until the Italian authorities have prepared a new restructuring plan. This scheme, which Ilva says will be submitted by the end of next month, will take into account the first impressions of Mr Hayao Nakamura, the group's new Japa-nese managing director.

age a damaging race by EC gov-ernments to aubsidise their national industries.

He believes Brassels should renew pressure on the Spanish government, which is seeking approval for a controversial aid package for its steel industry. He has been deterred from submitting formal proposals on Spanish

steel, to avoid provoking Madrid. This is not the first time Rome has tried to delay an EC decision on subsidies. Last July Mr Guarino wrote to Mr Van Miert's predecessor, Sir Leon Brittan, urging him, unsuccessfully, not to start a formal investigation into the state aid programme.

Tokyo may adopt new approach to trade

By Charles Leadbeater

JAPAN plans to adopt a new approach to trade policy with the US, based on the application of formal rules and procedures for settliog trede disputes rather than political negotiation, according to Japan's top trade negotiator.

Mr Noborn Hatakeyama said Japan wanted a rale-governed approach, to eliminate emotion and politics in settling trade disputes. "We have given a lot of consideration to US industry; we accepted their request to come up with an import goal for semiconductors. From now on, we want a trade policy governed by rules set by Gatt. That will elimi-nate the emotional aspects of the game and help to prevent trade frictions spilling over to affect other aspects of our relations."

Gatt would play a ceotral role in setting the standards for the policy. Mr Hatakeyama added. Trade pacts would have to be Gatt-compatible and more trade complaints would be referred to Gatt for adjudication, he indicated. The policy had been developing since the decision last year to appeal to Gatt over the EC's anti-dumping action against Japanese electronics, he said. Japan had a strong track record of upholding Gatt accords.

It led the way on reducing tariffs on manufactured goods and its average import tariff was 2.5 per cent, against 5.6 per cent for the EC and 5.5 per cent for the US. Japan had last year been rebuffed hy the EC and the US when it had tried to contribute to Gatt talks to reduce agricultural subsidies. Japan would take a more active approach to the stalled Uruguay Round.

"People said we were hiding behind the US and the EC, but whenever we tried to negotiate they asked us to wait until they were ready. We were too ready to accept that rejection. Next time we will be more disciplined and make sure we come first."

Kanemaru quizzed, Page 6



Andrew Buxton: acknowledges that some shareholders are concerned

Interim dividend of 9.15p was likely to be reduced this year, but only as part of a "realignment" of the new annual dividend of 15.15p. He said the bank was convinced that the new level of its annoal dividend, cut by 28 per cent from 21.15p, was sustainable.

either an outsider or one of its existing senior executives to a Although most institutions new senior post. This might not carry the title of chief executive, appear to favour the bank hringing in a new chief executive from hut whoever was appointed outside, there has been concern would have to be seen clearly to that the appointment of an outbe taking over broad responsibilisider could lead to senior figures such as Sir Peter Middleton, the There is no point in bringing deputy chairman, leaving hecause their responsibilities someone in from outside, or appointing someooe from within, would be reduced.

Mr Buxton said he was "working closely" with Sir Peter and Mr Alastair Rohinson, the head of the banking division and an executive vice-chairman, to ensure that no member of the

Mr Buxton said the hank's existing senior management team was surprised or offended by whatever change took place.

He did not believe he was in danger of losing executives such as Mr David Band, chief executive at BZW, Barclay's invest-ment banking arm. "That is not my impression of their mood. If I suddenly jumped something on them without consulting them, I am sure they would be extremely upset, but I am not going to do that," he said.

He added that bad dehts from the 1980s should not overshadow an 18.4 per cent rise in operating profits in 1992. "The management team has performed pretty well if you look back at the past two years. Our decisions have been constructive and good for share-

Called to account, Page 16

THE LEX COLUMN Advance credit

In its determination to act independently, the Bundesbank is toy-ing with the markets' emotions. The failure to cut official rates on Thursday distanced the German central hank from the G7 meeting, and reflected caution about stuhborn domestic inflation. Friday's easing of money market rates indicated justified concern about rapidly falling domestic output, as this week's appalling results from the German chemical giants will confirm

To be fair to the Bundesbank, conflicting economic signals and demands of other EC members mean that it has had to tread a very careful path. It is also keen to squeeze a credible fiscal package from Chancellor Kohl and the Lander, Fortunately, there are signs that inflation is being squeezed. Bank workers have accepted a 3.3 per cent wage settlemeot, and companies seem finally to understand the need to cut costs. The much-heralded secular decline in interest rates may soon be under way.

If short rates are about to fall, one might expect bond yields and equities to follow. However, at 6.5 per cent bood yields are already 2 per cent lower than those on bank deposits, so there is very limited room for further falls. In the past German equities have not rallied until short rates fell below bood yields. This time, however, foreign buyers have stepped in to anticipate the rise. That may be premature given Germany's deep-seated economic problems. Exports might possihly provide higher earnings if overseas growth ignites. But the hias towards late cycle heavy capital goods in the German market tells against it.

One of the clearest beneficiaries of sterling's devaluation has been the UK's threadbare textiles industry, Having long been worn down hy the heavy pound, the industry's competitive outlook was transformed by Black Wednesday. The market has been quick to sppreciate the benefits. Tex-tile company shares have shot up by 40 per cent since theo and stand at a 25 per cent premium to the market. Having moved so far so fast, the

textile aector is heginning to slow down. A two-way pull is now develop-ing. It is easy to put together a sce-nario suggesting there should be fur-ther gains as the UK recovery gathers pace. A sustained upturn in consumer demand would allow retailers to pass on imported inflation permitting an



easing of pricing pressures on domes-tic suppliers. Margins would recover even if volumes did not rise that sharply. Higher exports and transla-tion of overseas sales would further flatter earnings.

The trouble is that the market is already taking this as read. The four leading textiles companies are trading on fat premiums. They account for almost three-quarters of the sector's 23.4bn capitalisation with few undervalued second line companies to chase. Overseas earnings may also prove elusive if, as Courtaulds Textiles suggested last week, continental European retailers continue their severe destocking. investors may be loath to abandon a cyclical sector at this stage in the game but there are few temptations to huy.

UK accounting

The definition of company earnings proposed by the Institute of Investment Management and Research last week is unlikely to limit the confusion caused by the new UK accounting standards. Its calculation of "headline" earnings differs from alternatives favoured by City firms. The IIMR includes major restructuring costs in headline earnings, for example, even though such costs are unlikely to recur. The definition favoured by BZW excludes such costs on the grounds that the expenditure is something akin to a one-off capital item. in many cases either approach will

come up with the same result. But without consensus on such Issues investors will he confronted by a plethora of conflicting earnings figures, notably in cases where companies are in a period of change and consistency matters most. It would be helpful if one side or other could fall

SEIZING OPPORTUNITIES

into line. That said, the idea of requir ing companies to disclose IIMR earnings as a condition of listing could be counter-productive.

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Companies are already required to disclose earnings according to FRS 3; the new accounting standard which virtually abolishes extraordinary items. The standard also allows companies to present an earnings figure of their own. An institutionalised IIMR earnings figure would add a third "official" measure. The Accounting Standards Board is right to argue that no single measure of company performance is adequate. But three alternative earnings figures – with varia-tions put forward hy City firms – can hardly be what it had in mind.

Estate agents

When like Gadarene swine, financial services companies rushed into estate agency husinesses in the late 1980s, the widely held view ran: nice theory, shame about the timing. Urged on by the demons of deregulation, insurance companies and mortgage lenders alike viewed estate agencies as useful distrihution channels for related financial services products. But the theory remained unproven as the recession wrecked the experiment.

However, the incipient recovery in the housing market is reviving the argument. Hambro Countrywide and Royal Insurance continue to believe in estate agencies as effective distribution vehicles. Having survived the worst, such husinesses should now reap the rewards. Estate agencies should return to profit as housing transactions pick up. A 10 per cent rise in volume would transform their economics. Some optimists even suggest a 25 per cent increase this year. Any recovery in house prices would be an added bonus.

On this basis Abbey National would have done better to wait before putting its chain on the market. But there would be no guarantee of a higher price down the road. The industry's barriers to entry remain low, Any revival in the housing husiness will see the competition multiply in a way that may hurt the big chains. Successful estate agencies tend to be entrepre-neurial free-wheeling enterprises. That fits badly with the centralised mentality of financial service organisations. The Prudential concluded that the contradictions were too great and abandoned the whole attempt. Its early retreat was certainly expensive. It may end up looking prudent.

BT to seek approval for services in US

By Alan Cane in London

BRITISH TELECOM is planning this week to apply to the US reg-ulatory authorities for permission to operate domestic and international telephone services in the US.

If approval is given, it will clear the way for BT to become the first international telecommunications "one-stop shop", nffering multinational customers a broad range of voice, data and video services between the US The application is expected to

Continued from Page 1

standing of decree laws.

However, the measures, put

forward to minimise the disrup-

tion to public life caused by

almost daily disclosures of kick-

backs and illegal party funding, were strongly defended by Mr

competitors, AT&T, Sprint and MCI, who are likely to argue that US carriers do not enjoy a similar freedom to operate in the UK, according to the journal CommunicationsWeek International

in an analysis published today. The outcome of BT's application will therefore depend on discussions over reciprocal market access between the US Federal Communications Commission and Britain's Department of Trade and Industry. Talks between the two agencies have been going nn for some time hut

Gluliano Amato, prime minister, and Mr Giovanni Conso, justice

Both men denied the plans were designed to muzzle the investiga-

tions, which have so far led to

the arrest of more than 100 politi-

cians, businessmen and party

minister, who drafted them.

the outcome remains unclear.

The advantage to customers of one-stop ahopping for international telecommunications lies in dealing with a single organisation for network management and hilling, in contrast to the multiple regulatory and billing organisations a company has to deal with now. BT's large customers could expect substantial discounts on their telecommunications hills as a result, Mr Bond

BT's request for a common car-rier licence in the US is a key part of its plans to be one of a

Mr Conso said the measures, which would no longer make ille-

gal party funding a criminal

offence, were a tough response to the problems raised by the inqui-

ries and not an attempt to duck

"the moral question". Meanwhile, it was disclosed

yesterday that Mr Giovanni Pran-

handful of global "supercarriers' by 2000. Access to the US market is essential to the success of its hillion dollar-plus plan to huild a global network offering multinational customers a wide range of services including the transmission of data and image made pos-

sible by new technology. Codenamed "Cyclone" within the organisation, the BT plan involves the establishment of new switching centres in some 20 international cities to handle the volume of traffic. For this It will need the agreement of national authorities in each country.

dini, former minister of public

works, is under investigation for

alleged irregularities in contracts

Three other MPs - two Chris

linked to a motorway expansion.

tian Democrats and a Socialist -

were also told they could face

prosecution after inquiries into

contracts in Verona.

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Italian opposition angered by decrees on illegal funding

INSIDE

Time Products buys Leiber handbags

Time Products, the UK watch and jewellery distributor, has paid \$17m for the business of Judith Leibar, an American who designs luxury handbags for the internetional jet-set. Hollywood stare are among customers prepared to pay several thousand dollars for a handbag made by Mrs Leibar, 72, who started her business 30 years ago in Naw York. A designar bsg presented to Mrs Berbare Bush was valued at \$1,245. It showed a likaness of Mille, the presidential couple a pet. Page 16

Decision time at Banesto



Spain's third lergest bank, announced it had sold its biggest banking subsidiary, Banco de Madrid, to Deutscha Bank for Pta42bn (\$365m). Mr Mario Conda (laft), chairman of Spain's third largest bank, must now decide what to do with the profit

First Data sale raises \$1.2bn

American Express, the US financial services group is planning to sell more than helf its majority staka in First Data Corporation. Tha disposal could bring some \$1.2bn into Ameri-can Express which suffered a painful profits satback last year. Page 17

Markets hail German rate cut

When the Bundesbank announced a 24-basis point cut in its 14-day repurchase agreement, tha movs was taken by the markats as final confirmation that it is ambarked on a steady coursa oi substanbai cuts in short-term interest

Prospective p/e ratio

The latest prospective p/e ratio for the "500" index for calandar 1993 is 14.4 according to IBES, the consensus estimates service (Last week: 14.2), This compares with an IBES estimated p/e for the "500" of 17.7 (17.4) for calendar 1992. The official FT calculation of tha historic p/a, based on the latest reported earnings, is 18.14 (17.74).

Market Statistics

Base lending rates FT-A World indices FT/ISMA int bond svo

27 London share service 27 Managed fund service 18 Money markets New int bond issues World stock mkt indices

Companies in this issue

WITH UK economic recovery apparently on the horizon, the big question now is whether

American Express Axel Springer Benesto

17 Hongkong Electric 17 Jaguar Cars 17 LTU 16 MTV Europe 12 Nevo Tobacco 15 OCP 17 Orbit 12 Owners Abroad 17 Rothmans 17 Thomas Cook 15 Time Products 17 Unipart

FINANCIAL TIMES

Monday March 8 1993

OTHE FINANCIAL TIMES LIMITED 1993

GLAXO, Europe'a biggest drugs group, has been accused by tha US Food and Drug Administration of making false and misleading statements about Zantac, the world's best-selling medicine with annual sales of about 22bn (\$2.84bn).

The FDA says the company "frequently suggests unapproved uses for Zantac and consistently makes comparative efficacy and safety claims that are oot supported by adequate data". It has asked Glaxo to write to all US doctors correcting the

The agency says Glaxo made misleading send out a letter to US practitioners. statements about the safety of Zantac, an ulcer treatment, compared with other drugs in its class, notably SmithKline Beecham's Tagamet and Merck's Pepcid. It

Last mooth, Glaxo Inc, the UK group's American arm, said it disagreed with most of the FDA's claims. Dr Ernest Mario, the

At that time, Dr Mario said he believed the move had been instigated by Glaxo's competitors. Zantac's sales during the six months to December 31 increased 14 per

with the agency in the hope of settling the issue soon. Meanwhile it has complied with a request for the company to stop all aspects of its advertising and promotional activities that contain the contested

Glaxo denied there was any serious risk of Zantac being withdrawn from the US. It said: "We do not believe there is anything in this situation that cannot be settled in our discussions with the FDA and will keep this product from being available to US patients. The safety and effectiveness of Zantac have not been called into ques-

It is not unusual for the FDA to oblige drugs companies to send letters to practi-tioners. Last week. Marion Merrell Dow, the US group, sent a letter about false and

Thomas Cook may tender for **Owners**

By Richard Gourlay in London

THOMAS Cook, the travel ageocy and financial services group, was last night consider-ing the final details of a teoder offer for shares in Owners Abroad, the tour company fight-ing e hostile bid from rival Air-

Representatives of Owners Ahroad were meeting Thomas Cook and its advisers to decide pricing and the size of the teoder, according to sources close to

the companies.

Any cash tender could put a substantial obstacle in the wey of Airtours' all share and partial cash alternative offers as the bid enters its last full week.

A tender offer, which could be as early as today or tomorrow and would have to be made this week, is likely to be made depen-dent on shareholders rejecting Airtours offer. At Friday night's close, the bid values Owoers Abroad at £290m, or 144p per

share, through the paper offer. The tender offer would need the approval of Westdeotsche Landesbank, the German state bank thet cootrols Thomas Cook, and LTU, the German travel

Once Airtours had launched its bid, Owners shareholders were almost unanimous in describing as inadequate the equity swap which underpinned the commercial treesaction with Thomes

If Thomas Cook does make a tender offer, Owners Ahroad's largest ahareholder, Mercury Asset Management, may take centre stage. Last week MAM increased its stake in Owners Abroad to 14.07 per cent, from 13.4 per cent, hut gave no indication whether it would accept or reject the offers.

Reacting to the possibility of a tender offer, Mr David Cross-land, Airtours chairman, sald Thomas Cook should bid for all

'LTU and Thomas Cook have tried to get into Thomas Cook on the cheap once before," he said. "Shareholders will recognise this for what it is - a wrecking move supported by a desperate board.

In judging where, or whether, to pitch a tender offer, Thomas Cook would have to consider that if the offer were too high, allocation of shares would be scaled down.

They would also be aware that some institutions are unlikely to be happy being left with shares that no longer attracted a bid

FDA says Glaxo made misleading claims

By Paul Abrahams in London

also says Glaxo made unsubstantiated claims about the drug's effectiveness. The drug represents 45 per cent of Glaxo's turnover. Analysts believe annual US sales

are about \$1.4hn. UK company's chief sxscutive, said be would be surprised if the company had to

cent to £1.033bn.

However, Glaxo Inc yesterday said it had met the FDA and was co-operating

claims. The company refused to confirm whether it would send the doctors' letter. misleading statements about its anti-ulcer treatment Carafate.

Tracy Corrigan and Richard Waters on management moves at the investment bank Changes in store as CSFB aims to stay in front

Boston, following the announcement last week that Mr David Mulford, the former US Treasury official and erstwhile investment banker, is to replace Mr Hans-Jorg Rudloff as head of the London-based investment bank.

CSFB is one of the institutions most closely associated with the growth of international financial markets in London in the 1980s, and Mr Rudloff, a highly visible figure in those markets, has been almost synonymous with CSFB. The nature of Mr Rudloff's

denarture has provoked speculation about what lies in store for the bank he shaped. Mr Rudloff, whose appointment emerged at a board meeting in Zurich on Wednesday, hinted enigmatically: You can never pre-judge a board in Switzerland.' In a recent interview in the

magazine Euromoney, Mr Rndloff, asked if another career awaited him, replied. "Perhaps. But there is still so much to build He is to join the board of CS

Holding, the majority share-holder of the CS First Boston group, which includes CSFB and its two alster companies. CS Holding reported net earnings of SFr534m (\$346m) in the first half to September 1992. "This is a transition that was

planned - though the timing was not planned," said Mr Mulford adding that it was Mr Rudloff himself who had precipitated the timing of the change. Mr Mulford had arrived in Lon-

don only the day hefore the announcement, from an assignment in Latin America, and admitted to not helog fully

EHIND the assurances of hriefed yet on the operations of B continuity, changes are the firm he had just taken over, afoot at Credit Suisse First but his early comments will do oothing to dispel the impression that changes lie ahead. The old rivalriea remain

between the three arms of the group, First Boston in the US, CSFB in Europe and CS First Boston Pacific in Asia, despite a move to bring them all together in 1988 under a common holding company, CS First Boston.

"The period of separateness is clearly over, but it does take time for the culture to change," says Mulford. He believes he will "provide leadership in accelerating the global integration of investment banking [at CSFB], which still has some way to go".

There is also a desire to develop CSFB beyond its base as a Euromarkets firm. Mr Mulford refers to a shift from CSFB's core fixed-income underwriting hustness as a process already underway. He says he "wants to main-tain the leadership position" of CSFB in the traditional fixed income husiness, but "there is also growing global investment banking business, which is more diverse. This firm has to broaden the scope of its investment bank-

This view is shaped hy his belief that, during his years away from the industry, the process of "globalisation" has transformed financial markets, as borders between markets were removed. Mr Mulford has a mandate to develop business in Latin America, where his contacts are excel-lent (he was the US Treasury's negotiator on the Brady plan). He also has a keen interest in eastern Europe (where CSFB has heen one of very few active hanks) and the former Sovist David Mulford: This firm has to broaden the scope of its investment banking husiness Union. He says he joined CS First tits slumped, and the US arm of loff. Last week's announcement the firm was the main contribuleft it unclear if he would now tor to the group, reversing the trend of the last few years.

banking groups.
"That [global] business is warketed and managed differently from a traditional Euromarket Management changes elsewhere in the CS First Boston group last week add to the fixed income husiness. It is ... impression that disparate husimuch more complex ." nesses are heing pulled closer together. Mr Boh Diamond, who

Some observers see the eppointment as a victory for the US arm of the husiness; Mr Mul-ford was brought in last November as vice-chairman of First Boston in the US. A more integrated firm, they think, will effectively be governed from the US, where the holding company for the

Boston because he believed it to

be the most international of

three units is based.
"CSFB used to be a very independent, locally-focused firm," said one former employee. "That

is going to change." The appointment follows a bad year for CSFB in 1992, when prof-

had been in charge of the Asian unit, was moved to New York to run bond trading in the US and This move towards specialisation - which most

other US-based investment hanks have already made - raises a question over the position of Mr Allen Wheat, who runs the firm's derivatives unit and only last year was made head of trading in London. He had been widely tipped to succeed Mr Rud-

Mr Mulford said: "Allen is a very, very important figure, both here and in the group." But the appointment of Mr Mulford, pass-ing over Mr Wheat, casts doubt

report to Mr Diamond.

over the stability of the firm's senior management "Basically, CSFB has been split in two," says one insider, meaning that the investment banking side will operate under Mr Mulford, while Mr Wheat will run

trading operations in London. The appointment of Mr Mulford is undoubtedly the greatest upheaval since the restructuring of the group under a new holding company in 1988.

"I haven't come here to change things," protests Mr Mulford. But change seems to be on the way,

nevertheless.

This announcement appears as a matter of record only



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December 1992

A question mark Britain has capacity to exploit the opportunities ahead. Past experience and common over the UK's future prosperity

ment hank, auggest industry has come through the recession in "surprisingly good shape" and the destruction of

capacity has been far less than between 1979 and 1981. Two Kleinwort economists. Mr Peter Spencer and Mr Leo Doyle, have looked at Central Statistical Office estimates of manufacturing industry's capital stock and svidence on helow-capacity working from the quarterly Confederation of British Industry industrial

wort Benson, the UK invest- the proportion devoted to private consumption was the sec-ond highest after the United States," ha says.

The UK's lagging investment performance has also been a matter of concern for Professor Douglas McWilliams, a former CBI economic adviser and chief executive of the Centre for Economics end Businsss Research (CEBR), an economic consultancy. He says that UK manufacturing capacity has grown by only 20.5 per cent since 1970. Although it grew at an annual rate of 3.5 per cent

Economics Notebook By Peter Norman

that the recession has not yet seriously reduced industry's productive capacity. Their view is broadly

endorsed by Mr Andrew Sent-ance, the CBFa director of eco-Mr Sentance, manufacturing capacity has declined slightly from its peak in 1990 but is about a fifth higher than at its post-recession trough in 1982.

out such growth hardly constitutes good news. Business investment grew too slowly in tha 1980s because an excessive portion of resources went to consumption. "In the 1980s, the UK devoted a larger share of gross domestion product to public consumption than any other Group of Seven country and

taken place earlier.

capacity grew by 19 per cent hetween 1970 and 1990, It in Germany, France and Italy encouraging. UK manufacturing capacity grew by 7 per cent compared with just 1 per cent in the continental "big three" countries, but lagged the US and Japan where capacity

So much for the bad news. Official figures suggest that UK investment is now picking up after a sharp fall of 9.4 per cent between 1990 and 1991 and

of 1992 compared with the first half of that year and has now risen for three quarters in suc-

abroad. Some of this flow may start to tail off, particularly if the Japanese car industry has to address problems at home.

The accelerating pace of technological change may also technological change may also explain why investment now appears to he leading rather

Kleinwort's economics team, anggests that spending on information technology may be behind the investment surge. A similar pattern of strongly rising investment in weak economic conditions was visible in tha US in 1991 and 1992, reflecting the need of companies there to restructure and shrink and acquire the latest

Spending on rationalisation may not add significantly to growth. Indeed, the UK may simply be replacing the wrong sort of capacity with more efficient and up-to-date equip-

While such investment is clearly better than none at all, the danger is that Britain will still be left with a small and efficient manufacturing sector that la too amall for tha nation's future prosperity.

from MTV Europe at \$60m a year

for its European television net-work which is available in 43m homes in 32 countries. "MTV Europe's revenues have been increasing at 70 to

to give any financial numbers

suspected by analysts. "We [MTV Europe] will be available in 50m homes by the end of this calendar year," Mr Blondi forecast. He stuck to a previous formula to describe MTV Europe's profits. "It is marginally profitable." In fact all the signs are that the company is being conservative in its public statements and after

Viacom recently announced that it was bringing its Ameri-can children's channel Nickelodeon to the UK in a joint ventura with British Sky Broadcasting. Mr Biondi said the aim was to take Nickelodeon to other European countries through joint ventures

central and south America.

Revenues

By Raymond Snoddy

MTV Enrope, the London-based satellite rock music channel, is now producing revenoes at the rate of \$60m-\$70m a year, according to Mr Frank Biondi, president and chief executivs of Viacom, which owns MTV Europe. Until now MTV has declined

80 per cent a year although it will be tough to keep that up", Mr Blondi said. The revenue figures are at least double that

5% years on air MTV Europe is comfortably profitable.

200m homes worldwide, plans to launch n service for Latin America in October. The 24hour channel will be for Spanish speakers in tha US and

no judgment as to which was nearer the truth.

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rience.

ic Technics

reported that profit margins from non-North Sea activities have fallen far less in this

in the case of manufacturing.

stretching over two and a half years will have destroyed a great deal of productive capac-ity, especially in manufactur-ing industry.

That was certainly the case

in the recession of 1979-81 when huge steel and engineer-ing plants were shut, demol-ished, and eventually replaced by out-of-town shopping malls such as Merry Hill in the West Midlands and Meadowhall near Sheffield. The widespread fear is that the same process has been under way since 1990 and that this will limit the scope for recovery.

cerns? A general impression, garnered from anecdotal evidence, is that this recession has not been accompanied by a massive scrapping of manufacturing capacity.

Another encouraging sign is the strength of profit margins. In its recent quarterly inflation report, tha Bank of England

But how valid are such con-

recession than in those of the early 1980s or the mid-1970s. However, it is very difficult to estimate how much capacity has been lost or to measure the gap that has emerged between actual and potential output in the economy as a whole. Although this "output gap" is vitally important for assessing the nation's capacity to grow out of tha recession without running into inflationary bottlenecks, statistical deficiencies mean that nobody has a clear idea of its size. The Bank of England'a inflation report included estimates that the gap could be around 7 per cent or 3 per cent, but the Bank made

nomics and one of the sevenman panel of independent forecasters set up by the Treasury to advise Mr Norman Lamont, the chancellor. According to

However, Mr Sentance points

from 1984 to 1991, this relatively strong growth failed to offset the deterioration relative to other countries that had

While UK manufacturing

increased by a total 43 per cent combined, hy 86 per cent the US, and hy 129 per cent in Japan. Between 1980 to 1990, the picture was slightly more grew by 32 per cent and 39 per cent respectively.

a 3.5 per cent decline between 1991 and 1992. Capital spending by manufacturers on huildings, vehicles and machinery rose hy a real, inflation-adjusted 3.1 per cent in the final six months

Such an upward trend in investment is unprecedented in a recession and when CBI surveys say that about 70 per cent of companies are working below capacity. It should add to confidence about Britain's

capacity for recovery.
But the investment upturn may also reflect special factors. A CEBR study published last week showed that nearly one-fifth of the £220bo (\$312bn) invested in British industry since 1987 had come from

than lagging the husiness Mr David Owen, another of

technology to compete success-

with local partners.
MTV, available in more than

from Tarmac Industrial Products

Bank Mees & Hope NV

MEES & HOPE CORPORATE FINANCE LIMITED LONDON

COMPANIES AND FINANCE

Time Products in \$17m luxury handbags buy

the name to merchandise other

than handhags, putting a

hroader range of producta through the same tightly-tar-geted distribution network. Time Products also

announced that it had paid

£2m for a 5 per cent stake in

Audemsrs Piguet, the Swiss

watchmaker which specialises

in highly technical and luxuri-

Mr Marcus Marguiles, chairman of Time Products, said:

"Judith Lelber is one of the

most bighly-prized brands in

North America and we are

delighted to have secured it.

while our relationship with

Audemars Piguet will he

strengthened by our invest-

The Leiber business made

pre-tax profits of \$1m, after

directors' remunerations, on

sales of \$15m in the year to December 31. It had net assets

Even after completing these

acquisitions, Time Products

has net cash of more than flom.

Unipart extends

Jaguar Cars has signed an

agreement extending for I0

years a contract under which

Unipart, the motor components

manufacturer and distributor,

manages Jaguar's worldwide

The contract is expected to

be worth more than £500m

At the beginning of last year

Unipart took over worldwide

parts distribution for Rover

Group's Land Rover and Range

Rover vehicles, adding £100m a

The Land Rover business

was a significant contributor to

Unipart's record £19.8m profits

in 1992 · a 28.5 per cent rise. It

has controlled Rover's car

parts distribution ever since privatisation.

at that date of \$5.1m.

Jaguar link

By John Griffiths

parts operations.

over its 10-year life.

year to its turnover.

By Andrew Bolger

TIME PRODUCTS, the UK watch and jewellery distributor, has paid \$17m (£11.9m) for the business of Judith Leiber, an American who designs luxury handbags for the interna-

Hollywood stars are among customers prepared to pay several thousand dollars for a handbag made by Mrs Leiber. 72, who started her husiness 30 years ago in New York.

A designer bag presented to Mrs Barbara Bush was valued at \$1,245. It showed a likeness of Millie, the presidential cou-

plc's pet dog. Mrs Leiber will continue to run her company, which dis-tributes only through exclusive department stores and jewellers. Time Products has distributed her handbags in the UK

since 1991. The UK company said the handhags had not been actively marketed outside North America, and there was therefore potential for develop-ing Ibe brand worldwide.

Etonbrook meeting called By Andrew Bolger

Mr Andrew Perioff, the rebel shareholder in Etonbrook, has requisitioned an extraordinary general meeting of the prop-erty development company, in another attempt to join the board and remove all of its

companies acting with him own 20 per cent of Etonbrook. He bas twice failed to win a seat on the board but thwarted a proposed capital restructur-ing at an EGM in September. in January the former BES company blamed a drop in Its

interim pre-tax profits from £300,000 to £74,000 on costs incurred in fighting a tender offer from Mr Berloff, which would have increased his stake to just under 30 per cent.

Rothmans forms £55m joint venture in Russia

By Philip Rawstorne

ROTHMANS International is to invest £55m in a cigarette manufacturing joint venture with Nevo Tobacco, a privately-owned tobacco company in St Petersburg, Russia. The deal marks Rothmans'

first capital investment in central and eastern Enrope, though it has licensing arrangements in Poland and the former Yugoslavia.

Rothmans will acquire a 75 per cent shareholding in the venture, to be called Rothmans Nevo, and will build a new cigarette factory in St Petersburg.
The factory, with an ontput of 10bm cigarettes a year, is expected to begin production

in mid-1995. The UK company's £55m investment will be phased over several years and will cover construction costs and

the supply of plant and equip-Lord Swaythling, Rothmans' chairman, sald: "This venture is a major long-term initiative with a view to capitalising on the opportunity that Russia represents as one of the larg-est potential consumer mar-

kets in the world". Russia, with a market esti-mated at 443bn cigarettes a year, has already attracted large-scale investment from other tobacco multinationals.

London Share Service classification changes

A series of changes to the classifications of companies listed on the London Stock Exchange was made at the last quarterly meeting of the FT-SE Actuaries Industry Classification Committee.

As a result, the following stocks will be moved to new categories in the London Share Service with effect from April

Black & Edgington to Business Services (41) from Engineering - General (7); Svenska Cellulosa (SCA) to Packaging, Paper & Printing (31) from Chemicals (42).

Called to account for past practices

Andrew Buxton of Barclays Bank faces a most testing time. John Gapper reports

HE NEXT two weaks will probably he the most testing of Mr Andrew Buxton's career. After becoming chairman and chief executive of Barclays Bank in January, just in time to announce the first pre-tax loss in the bank's 96 year history, he faces a wave of doubt over whether he should stay in either joh. His future will depend on meetings with abareholders around the country which start this week.

Mr Buxton yesterday indi-cated the outlina of the argu-ments he intends to put. That he accepts some hlame for the past when he was managing director under Sir John Quin-ton in the late 1980s. That under his leadership the bank has improved its operating performance, and will continue to do so. And that he will hand over a algnificant part his responsibilities to a new senior executive this year.

None of this is likely to come as a aurprise to the bank's large shareholders. But they will be watching Mr Buxton's performance closely to see if he can alter their perception that he has not presented his own and the bank's case well so far. Some institutions believe his performance at last week's post-results press and analysts' conferences should have been more confident.

The degree of dissatisfaction among shareholders is open to dehate. Fund managers holding 15 per cent of the bank's shares contacted by the Finan-cial Times on Friday expressed varying degrees of discontent. the strongest being the view that Mr Buxton should resign. But Barclays helieves it has received support from the most senior executives of the institutions concerned.

Yet the bank tacitly accepts the view that it cannot judge entirely on the basis of telephone calls made by Mr Buxton on Friday. The ultimate test will come in the post results "roadshow" in which Mr Buxton makes plain he will play a full part. "I have got to try lo reassure them, and make sure they appreciate that the current management is getting decisions right," he said yester-

Mr Buxton's problem in doing so is his link with the past. This is partly as a mem-ber of one of the Quaker families in charge of the regional banks which came together to make up Barclaya. But it is substantially to do with a more recent period of history: the time in May 1988 when he became managing director, just after a rights issue of £921m to expand lending had been Mr Buxton made an incau-

His defence is that despite having made mistakes, he

Sir Peter Middleton: the

tious remark at the press con-

ference on Thursday indicating

that he had little direct respon-

shility for this lending growth. Yesterday, he was carefully emphasising that he hore some responsibility, and ahould have performed hetter. "With

hindsight, when I became

essentially arrived too late to stop lending mushrooming. He argues that much of the problem lending in the following two years came from large companies taking up more of what were already-agreed facilitles. "When you come in the middle of a fast expansion programme that is already taking place, it is difficult to control,"

This issue alone would provide enough material for debate. But Mr Buxton faces questions on a second point: when and how he will take steps to split his two roles. He remained cautious about

details yesterday, but promised it would happen this year. "I do not think later would be acceptable to ahareholders, and I do not want an uncertainty of this sort any longer than nec-

here are two uncertain-

ties involved. The first is whether the bank will actually appoint a chief executive in both name and deed, or have a chief operating officer similar to Mr Buxton's old post of managing Any wavering is likely to

managing director, I wish I had jumped on the problem of expansion earlier," he stimulate discontent among shareholders, one reason for Mr Buxton's promise yesterday of handing over "a significant part" of his job.

whether the new senior executive will come from inside or outside the bank. As long as Mr Buxton remains chairman, investors are likely to place significance on the new senior executive coming from outside the bank. Yet this could present internal problems by risking curtailing the responsibili-ties of executives such as Sir Peter Middleton, the deputy chairman.

Mr Buxton emphasised ye terday that this potential problem was one reason why he was taking some time to decide how the new management structure - first introduced in 1991 - should be reformed. "It la a definite consideration. muat take the management. team with me and ensure that I hold them together, and convince them that any new structure is going to work," he said firmly.

Barclays' chairman emphasised yesterday that he did not believe investors' concern was so great that they "want to fire the whole of the management team". But he would not be drawn on the question of what he would do if the shareholder meetinga over the next two weeks convinced him otherwise. "As the saying goas, I would prefer not to start from there," said Mr

existing directors.

Mr Perloff and the three

Reduced interest charge behind rise at British Data

By Richard Gourlay

BRITISH Data Management, the data storage specialist which came to the market through a placing a year ago, reported doubled pre-tax profits of £1.66m for the six months ended December 31, against 2779,000 last time.

Sales rose 13 per cent from 26.2m to £7.04m. The pre-tax figure was struck after a much reduced interest charge - down from £587,000 to £53,000.

Earnings per share rose 25 per cent to 6.5p and the group declared an interim dividend of 1.5p. The directors said the earnings figure was flattered by a £138,000 tax charge that

was aignificantly lower due to £258,000 of over-provisioning in

the previous year. Mr Stephen Crown, British Data'a chairman, said a strict comparison of earnings could not he made hecause in the previous year BDM paid no tax because of losses brought for-

He said he continued to seek auhstantlal organic growth that would be supplemented by bolt-on acquisitions.

The company expected to gain a aignificant amount of new work from the government which, through its market testing programme, is seeking to farm out support

	CROSS BORDER	M&A DEALS	<u> </u>	
BIODER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Deutsche Bank (Germany)	Banco de Madrid	Banking	€245ጠ	Foreign growth continues
Kreft General Foods International (US)	Tarry's (UK)	Contectionery	£220m	United Biscuits sala
BSN (France)	Egidio Galbani (Italy)	Food	£173m	Lifts stake to 70 per cent
Banco Central Hispano- americano (Spain)/Banco Comercial Portugues	Share Swap	Banking	£169m	Co-operation mova
Western Mining Group Australia	Olympic Dam (Australia)	Mining	£164m	BP exiting minarals mining
Call-Net Enterprises (Canada)	Unit of Cable and Wireless (UK)	Telecoms	£19.5m	C&W refocusing efforts
Johnson & Firth Brown (UK)	Viking Metallurgical Corp (US)	Engineering	£8.6m,	US expansion
Rockwell International (US)	Unit of Sprecher & Schuh (Switzerland)	Controls	n/a	Strengthening global position
FMC Corp (US)	Kongsberg Offshore (Norway)	Oll & gas services	n/a	Siemens non- core sala
Thomson-CSF (France)/ Short Brothers (UK)	Shorts Missite Systems (JV)	Detence systems	n/g	Brothers in arms

Caração Depositary Receipts

PIONEER ELECTRONIC CORPORATION

The undersigned, being the Agent of Caribbean Depositary

Company N.V., announces that Pioneer Electronic Corporation

the financial year 1992) which will be payable as from March 15th, 1993 at the office of Pierson, Heldring & Pierson N.V. This distribution, which has been converted into U.S. dollars

pursuant to section 4 of the Deposit Agreement will be available to holders of CDR's sgainst surrender of talon less 20% Japanese

5 Depositary Shares \$ 4,- (4.26)

The amounts stated between brackets represent the dividend less

15% Japanese tax. These dividends will be paid until April 15th, 1993 hut only on condition that the coupons to he surrendered will be accompanied by an "Affidavit" (obtainable with the undersigned), evidencing that the beneficial holders of the CDR's are residents of a country which has concluded a Tax In the Netherlands dividends will be paid to residents in Dutch currency at the daily rate of exchange unless otherwise instructed.

National & Provincial

Building Society

Japanese Yen 10,000,000,000 Floating Rate Notes due 1995 For the six months

8th March, 1993 to 7th September, 1993

in accordance with the provisions of the Notes,

notice is hereby given that the rate of interest has

been fixed at 4.35 per cent. per annum, and that the interest payable on the interest payment date.

7th September, 1993 against Coupon No. 10 will be Yen 2,180,959 per Yen 100,000,000 Note.

The Industrial Bank of Japan, Limited

Agent Bank

10 Depositary Shares \$ 8,-1 8,52) and 100 Depositary Shares \$ 80,-185,20) is paid.

Pierson, Heldring & Pierson N.V.

withholding tax, to the effect that per CDR's evidencing

Amsterdam, March 5th, 1993



*FINAL OFFERS



BY BZW AND BRITISH LINEN BANK ON BEHALF OF AIRTOURS PLC

FOR

OWNERS ABROAD GROUP PLC

CLOSING DATE FOR ACCEPTANCES: 1PM TUESDAY, 16 MARCH 1993

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rest Rate : 3. 703 13% p.a. nicrest Period : from 8th March 1993 to 8th June, 1993 Interest payable per USS 50,000 Notes: US\$ 473.18 By Fuji Bank (Luxembourg) S.A

NOTICE OF REDEMPTION

Class A Mortgage Backed Floating Rate Notes Due March 2021

SRFMORTGAGE NOTES 1 PLC

NOTICE IS HEREBY CIYEN to the holders of the Class A Mortgage Backed Flonting Rate Notes Due March 2021 (the "Class A Notes") of SRF Mortgage Notes 1 Pl.C (the "Issuer") that, pursuant to the Trust Deed dated 20th March, 1989 (the "Trust Deed"), between the Issuer and the Law Debenture Trust Corporation p.l.c., as Trustee, and the Agency Agreement dated 20th March, 1989 (the "Agency Agreemest"), between the Issuer and Morgan Cuarasty Trust Company of New York (the "Principal taying Agent") and others, the Issuer has determined that, in accordance with the Redemption provisions set out in the Terms and Comlitions of the Class A Notes. Available Funds as defined in the Terms and Conditions in the amount of £7.600,000 will be utilized on 22nd March, 1993 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the 'Redemption Price") equal to their principal amoust, together with arerued interest thereon are as follows:

OUTSTANDING CLASS A NOTES OF £100,000 EACH BEARING THE DISTINGTIVE SERIAL NUMBERS SET OUT BELOW

			,		er Notes	L 100	00	UMA	/ W
:18	35	65	83	86	100	134	144	151	200
203	216	228	233	248	276	299	315	340	341
319	358	370	373	385	410	427	130	111	172
479	512	518	565	572	587	603	622	624	65.3
660	ri87	712	736	742	715	757	759	760	76t
776	783	807	828	85-t	889	897	933	972	979
981	688	991	996	1242	1267	1268	1285	t:287	1293
1302	1333	1351	1361	1481	1486				•=

The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP

Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels

Basque Paribas (Luxembourg) S.A. 10a Boulevard Royal 1.-2093 Lusemhourg

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender of such Notes together with all unmatured Coupons appertaining thereto, on or within a period of ten years and five years respectively, after the Redemption Oate. Such payment will be made (i) in sterling at the specified office of the Paying Agent is London or (ii) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payer with, a Town Clearing branch of a bank in London. Oo or after the Redemption Date interest shall cross to accrue on the Class A Notes which are the subject of this Notice of

SRF MORTGAGE NOTES 1 PLC

By: Morgan Cuaranty Trust Company

as Principal Paying Agent

Dated: 8th March, 1993

BankAmerica Corporation (Incorporated In the State of Delement)

U.S.\$400,000,000 Floating Rate Subordinated Capital Notes Due 1997 Holders of Notes of the above issue are hereby notified that for the next interest Sub-period from 9th March, 1993 to 13th April, 1993 the following

 Interest Payment Date: 9th June, 1993. Rate of interest for Sub-period: S% per annum.

Interest Amount payable for Sub-period: US\$243,06 per US\$50,000 nominal. Accumulated Interest Amount payable: US\$243.06 per US\$50,000 nominal. Noxt Interest Sub-penod will be from 13th April, 1993 to 13th May, 1993.

Agent Bunk Bank of America International Limited US\$125,000,000

First Chicago Corporation
Floating Rate Subordinated Capital Notes Due December 1996
Notice is hereby given that the Rate of Interest has been fixed at 3.3750% and that the interest poyable on the relevant Interest Payment Date, June 8, 1993 against Coupon No. 26 in respect of US\$100,000 nominal of the Notes will be US\$862.50.

Merch 8, 1993, London By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANCO

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ATLANT!

American Express plans to Ministry reduce stake in First Data

By Nikki Tait in New York

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But the would be the

West to the Concess of Concess of

AMERICAN Express, the US financial services group that has recently undergone significant management upheavals. is planning to sell more than half its majority stake in First Data Corporation.

The disposal could bring some \$1.2hn into American Express, which suffered a painful profits setback last year. First Data administers credit card transactions for companies such as Visa and Mastercard, as well as American Express Itself.

American Express said that it planned to sell 32m shares in First Data, with a further 3.2m becoming available if the offer went well. The sale could reduce Ameri-

can Express's etake in First Data from 54 per cent to around 22 per cent.

By Judy Dempsey in Berlin

MR LEO Kirch, the media

magnate, has paid DM220m

(\$132m) to increase to 29 per cent his shareholding in Axel

Springer, the large German

publishing group which counts Bild and Dle Welt among its

He has ecquired the IO per cent stake in Springer sold last week by Poligrafici Editoriale, the Italian publishing

Before the purchase, Mr

Kirch already had around 25

newspaper titles.

First Data shares eased \$% to \$34.50 on the news, which



Harvey Golnb: replaced James

came on Friday afternoon. At this sort of level, however, the disposal would raise around \$1.2bn for the financial services group, abead of sale

American Express said that

The deal stems from a cross-

shareholding agreement

between Springer and Poligraf-

ici under which both compa-

nies have ended their involve-

Springer has sold its 10 per

cent stake, or 13.2m shares, in

Poligrafici to the Monti Group,

the Italian publisher which

holds the majority stake in Poligrafici. The selling cost is

reported to be L4,650 (\$2.95) a

ment with each other.

the proceeds of the sale would be used for "general corporate

The sale itself did not surprise Wall Street, although it is the first important move made by the company since Mr Harvey Golub replaced Mr James Robinson as chief executive of American Express earlier this

American Express sold more than 50m shares in First Data last year, raising more than \$1bn in the process and cutting its interest to the 54 per cent ownership level. American Express sharee

gained \$1/2 to \$25% on Friday's

Net earnings at American Express more than halved for 1992 following a steep decline in profits within the group's travel side and a slide into losses at Shearson Lehman, American Express' brokerage and investment banking

Kirch raises holding in Springer per cent of the Springer voting stake ends its short involve-

ket. But it also means that the group, which publishes Bild, the mass circulation daily, and Die Walt, a more serious daily, is likely to spend more time improving sales, distribution and circulation in eastern

German newspapers are attempting to increase their share of the expanding eastern German market. In particular, two new weeklies, Focus and

Mr Jean-Pierre Duché, OCP's

sury has delayed for 10 days Its decision on whether to give the German bld the go-ahead.

company which owns Gehe.

denies role in OCP counter-bid

COMPANIES AND FINANCE

By William Dawkins In Peris and Paul Abrahams In London

THE French industry ministry has denied involvement in an ettempt to mount a counterbid for Office Commercial Phermaceutique, France's largest medicines wholesaler. which is facing e takeover offer from a German group.

A senior official said the

ministry had responded to requests for information from shareholders of Gehe, the German group that last month made a triendly FFr1.8bn (\$318.6m) offer for OCP.

The French government had no interest in meddling in purely private business, the official said. "We do not get involved in takeovers." he added. The only industry min-istry involvement was to provide information about French medicine marketing rules to Gehe shareholders, the official explained. "I can assure you that Franco-German husiness relations are very good," he

The ministry's denial contradicts claims earlier this week by some representatives of OCP and e member of a French consortium of pharmaceuticals companies that the government was sponsoring a French counter-bid.

However, a leading French drugs group in the consortium yesterday reconfirmed that the industry ministry had advised It on mounting e possible counter-bid for OCP.

chief executive, supports the German deal, but OCP's largest single shareholder, the Bourely family, with 15 per cent of the equity, opposes it. A legal action between rival existing shareholders for control of OCP is understood to be under way. Meanwhile, the French Trea-

OCP says that officials want

to examine the ownership structure of Gehe and in particular Franz Haniel, the Duisburg-based trading and service

A dividend dilemma at Banesto

Disposal could allow the bank to make a full payout, says Peter Bruce

ARIO Conde, coar-man of Banesto, Spain's third largest bank, has one of those problems this week that occasionally make it fun to be in debt.

On Friday, Banesto announced it had sold its big-gest banking subsidiary, Banco de Madrid, to Deutsche Bank for Pta42bn (\$357m). This deal will allow the German bank, which already owns Cataloniabased Bancotrans, to become the largest foreign bank in Spain. But It was far more important for Mr Conde.

Banesto will make a profit of Pta30bn from the disposal and now has to decide what to do with it. It has two choices.

The first and most probable use of the money will be to provide for bad debts. Non-

ARIO Conde, chair-man of Banesto, Spain's third largest recoverable loans are at record levels in Spain, but are particu-larly burdensome et Banesto where assets grew rapidly just prior to the downturn in the economy last year. The Bank of Spain bad given

Banesto until the end of next year to find an extra Pta40bn to cover itself.

The other, more remote, possibility, is that the money will be used to help pay a full dividend for 1992. As things stand now, Banesto cannot possibly match the full 1991 payout of Pta205, because the parent bank's profits fell last year and the Bank of Spain would frown on any bank, perhaps espe-cially Banesto, reducing the amount of net profit transferred to reserves in the middle

Banesto hes already peid Pta95 to sharebolders for 1991, though, and has until June to decide whether, and how, to make its traditional compilmentary payment. Analysts disagree about what might be done and the bank is keeping silent. But there is some bope

The waters are further muddied by the fact that Banesto is planning a large three-for-one rights issua, which has won e promise of support from J.P. Morgan and which Banesto hopes will raise up to Pta53bn in new capital.

for sbarebolders.

There is an outside chance that a successful rights issue might persuade the Bank of Spain to allow Mr Conde to use all or most of last year's Pta20.2bn parent bank nat

profit to pay shareholders. The rights-issue proceeds would then go to reserves where, normally, most of the 1992 profit would expect to end up.

Clearly the central bank would be persuaded one way or the other by the final outcome

of the rights issue. in truth, though, the rights issue would be paying the dividend, thus putting Mr Conde in the curious position of asking sbareholdsta for money in order to be able to give it back

Between making the full possible payment, with Bank of Spain complicity, and making none at all lies an acceptable policy. It is this that Mr Conde

 and his prospective naw shareholder in J.P. Morgan -

HK Electric

beats forecasts

with 30% rise

tlone by reporting a 30 per

cent rise in 1992 earnings to

HK\$3.05bn (US\$394m) from

Profit was struck on a 9.3

per cent rise in turnovar to

HK\$5.3bn, from HK\$4.8bn. The

HK\$2.3hn in 1991.

Australia's Orbital says it has won orders for new type of car engine

By John Griffiths

AUSTRALIA'S Orbital Engine Company bas told the New York and Australian etock exchanges that it bas won orders from "a major eutomotive producer" for lts innovative two-stroke engines.

Ford, General Motors, Fiat and Volkswagen are among car makers already holding licences from Orbitel to develop the technology. Orbital engines are around half the weight and two-thirds the size of conventional car engines.

However, Ford, which has several dozen prototype Orbital-powered Fiestas in trial use with fleet operators in the UK

HAGEMEYER, the Dutch-

based trading company that is

65 per cent-owned by First

Pacific of Hong Kong, yester-

day reported a 21 per cent

jump in 1992 net profit to

Fl 103.1m (\$55.7m) and e 5.6 per

By Ronald van de Krot

in Amsterdam

and is widely regarded as which is due to come on the front-runner for hringing Orbitel cers to market rejected speculation that it was involved in the announced agreement.

Orbital, in which Broken Hill Proprietary has a 25 per cent staka, said it was prevented by a confidentiality agreement from naming the manufacturer which had signed the letter of

According to Orbital, the egreement provides for the vehicle maker initially to take supplies of OCP (Orbital Combustion Process) engines from e US plant being prepared by Orbital at a former GM facility in Tecumseh, Michigan, and

Hagemeyer ahead 21% at Fl 103m

company

announced plans for a two-for-

one share split and an increase

in authorised share capital to

Fl 470m from Fl 290m. It added

that It had no immediate plans

Hagemeyer, which focuses

on selling and distributing

brand-name consumer and pro-

fessional products, ettributed

the strong gain to its wholesale

for a share issue.

stream at the end of this year. This will be complemented by an engineering programme at Orbital's research and deval-opment facilities at Perth, Western Australia.

Tecumseh plant is for it to provide licensees with only a suffi-cient volume of engines for them to gain know-how before committing to their own high-

cent more powerful and 12 per

electro-technical subsidiaries

and to its North American con-

sumer electronic activities.

Sales and profits from con-

sumer and professional elec-

tronics were unchanged from

Overall, turnover rose by

15.3 per cent to Fl 3.4bn and would have shown a 18.5 per

cent increase but for exchange

By Simon Hoiberton In Hong Kong HONGKONG Electric, which operates the electric power monopoly on Hong Kong island, has exceeded expecta-

The rationale behind the volume manufacture.

Ford hopes to have small, Orbital engined cars lu its range by as early as 1995. The engines are said to be 10 per

directors declared a final dividend of 52 cents a share, making 82 cents for the year - a rise of 17 per cent on 1991. Mr Simon Murray, chairman, said Secan, the group's property development associ-

ate, contributed more than 20 per cent of pre-tax profits. Analysts expect the company's land bank to be fully ntilised by the end of 1994. Mr Murray said the electric

company recorded a profit growth of 14 per cent during the year. Unit sales of electricity rose by 4 per cent - well below the overall growth rate of Hong Kong's economy of 5 per cent in real terms. During the year the company invested HK\$2.97bn in new electricity and power facilities.

by 25 per cent to FFr15bn (\$2.65bn) in 1992 from FFr20bn DUMEZ, one of France's in 1991.

BusinessWeek

By Alice Rawsthorn in Peris

largest construction companies, plans to cut 1,500 jobs in France this year after suffering a steep fall in sales in 1992.

Mr Jean-Louis Brault, who 18 months ago became chairman of Dumez, a subsidiary of the Lyonnaise des Eaux-Dumez utility group, announced that

This week's topics:

Japan's Massive Spending Plan

Crunch Time For Volkswagen

Clinton's New Trade Doctrine

Campbell Soup Goes Global

U.S. Foreign Policy Is Econopolitik

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US\$200,000,000 9 1/s% Bonds Due March 20, 1993

US\$250,000,000 10 1/4% Notes Due July 2, 2000

NOTICE IS HEREBY GIVEN that, pursuent to Condition 4(c) of the Terms and Conditions of the US\$200,000,000 Bonda Due 1993 and Condition 4(c) of the Terms and Conditions of the US\$250,000,000 Notes Dua 2000 [the "Securities"), Atlantic Richfield Company, a Dalawers corporation, (the "Issuer") has of midnight March 5, 1993, (the "Termination Date"), terminated the appointment of Banque Internationals a Luxembourg SA in Luxembourg as a paying agant with respect to such Bonds and such Notes.

With effect from the Termination Date holders of the Securities and

With effect from the Tarmination Date, holders of the Securities and all coupons appertaining therato will no longer be able to present them at the specified office of Banqua Internationale a Luxembourg SA in Luxembourg. As a result, the Issuer has appointed, affective mildnight March 5, 1993, Kredietbank S.A. Luxembourgeoise as a replacement paying agant for the purposes of presentation and surrender of the Securities and the coupons. The specified office of Kredietbank S.A. Luxembourgeoise is listed below:

Kradietbank S.A. Luxembourgeolse 43 Boulevard Royal

L-2955 Luxembourg

ATLANTIC RICHFIELD COMPANY

Dated: March 8, 1993

his company had seen sales fall

Dumez to cut 1,500 jobs this year

tion companies, has been badly affected by the slowdown across the European construction sector. It has also encountered problems with contracts in Sandi Arabia

Dumez, like other construc-

Springer's decision to sell its younger, up-market readership.

aged reducing its 8,333-strong French workforce by 18 per cent, with 500 job losses at the parent company and 1,000 at the regional subsidiaries this

News of the Dumez rationalisation follows the announcement earlier this year that Lyonnaise des Eeux-Dumez faced a sharp fall in net profits Mr Brault said Dumez envisof over 65 per cent last year.

cent rise in its dividend to F16.00.

(Incorporated in Scotland under the Companies Act 1985: Registered No. 143033)

placing by S.G. Warburg Securities

80,000,000 Ordinary shares of 5p each at 25p per share payable in full on acceptance

Share Capital

issued and naw being issued (fully paid) £4,000,000

Warrants and Value Investment Trust plc ("WAVIT") is a new investment trust which will be managed by Scottish Value Management Limited and will invest principally in investment trust company warrants and other securities in the investment trust company sectors which have similar characteristics to those of warrants with the objective of achieving capital growth greater than that of the FT-Actuaries Investment Trust Index. Listing particulars will be available during normal business hours on any weekday, Saturdays and Bank Holidays excepted, up to and including 22nd March, 1993 from:-

Scottish Value Management Limited, 2 Canning Street Lane, Edinburgh EH3 SER

S.G. Warburg Securities Ltd., 1 Finsbury Avenue, London EC2M 2PA

This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation to the public to subscribe for or purchase any securities. Application has been made to the London Stock Exchange for admission to the Official List of all the Ordinary shares lissued and now being issued) of Warronts and Value Investment Trust plc. It is expected that listing will become effective and that dealings in the Ordinary shares will commence on 12th March, 1993.

Warrants and Value Investment Trust plc

Authorised £5,000,000

in Ordinary shares of 5p each

Copies of the listing particulars are also available from the Company Announcements Office, the London Stock Exchange, Loodon Stock Exchange Tower, Old Broad Street, London EC2N 1HP, up to and including 10th March, 1993.

8th March, 1993

U.S. \$125,000,000



Collateralized Floating Rate Notes

Series A due December 1997 in accordance with the provisions of the Notes, notice is hereby given that for the three months Interest Period from March 8, 1993 to June 8, 1993 the Notes will carry an Interest Rate of 3.5625% per annum. The interest payable on the relevant payment date, June 8, 1993 will be U.S. \$910.42 per U.S. \$100,000 principal

By: The Chase Manhattan Bank, N.A. London, Agent Bank



SOCIETE QUEBECOISE D'ASSAINISSEMENT DES EAUX ¥6,500,000,000 Floating Rate Notes Due 1993 guaranteed by rovince de Québec

sterest period:from - 7.3.1993 to - 7.9.1993 minal due 7.9.1993- ¥1,976,110 Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

DON'T TRAVEL WITHOUT US.

RIDDELTON LIMITED HKS1,000,000,800 Floating Rate Bonds due 2000 Guaranteed by EIE DEVELOPMENT GNTERNATIONALI, LAMTED

Notice is bookly given that for the interior period from its March, 1973 to 31st August, 1973 (both dates included) the interest can has been fined at 4.5-627% per names. Noticent pipelite on the footperior, 1975 will streem to HEDRA-60.29 per HEXIM,000,000 Tranche B BOOM.

EUROFIMA

U.S. \$250,000,000 Deutsche Mark LIBOR Based Floating Rate Notes due 2002

For the Interest Period 3rd March, 1993 to 3rd June, 1993 the Notes will carry an Interest Rate of 5.6375% per annum with Coupon Amounts of U.S. \$14.41, U.S. \$144.07 and U.S. \$14,406.94 per U.S. \$1,000, U.S. \$10,000 and U.S. \$1,000 too hades respectively. The relevant interest Payment Date will be 3rd June, 1993.

Swiss Bank Corporation

Schroder Split Fund plc

Number of Shares applied for		pplications fo lass of Share			ations for m e Class of St	
	Income Shares	Capitai Shares	Zero Dividend Preference Shares	Income Shares	Capital Shares	Zero Dividend Preference Shares
0 - 25,000	100%**	100%	100%	100%	100%	100%
25,500 - 300,000	85%	100%	100%	90%	100%	100%
300,500 - 1,000,000	75%	100%	100%	85%	100%	100%
1,000,500- 2,500,000	50.58714%	100%	100%	50.58714%	100%	100%
2,500,500 - plus	50.58714%	98.95205%	100%	50,58714%	98.95205%	100%

Made on a single share application form.

Including applications for Income Shares to be held in the Schroder High Income PEP.

intermediaries who gave the warranty in paragraph 4(g) of the Terms and Conditions of Application. References to applications are to applications which are valid or treated as valid in accordance with the Terms and Conditions of Application and which, in each case, have not been rejected. All allocations are subject to the Terms and Conditions of the Listing Particulars dated 10 February 1993, the Terms and Conditions of Application attached thereto and the Memorandum and Articles of Association of the Company. Expressions used in this advertisement have the same meanings as in the Listing Particulars. Issued by Schroder Split Fund plc and approved by de Zocte & Bevan Limited, a member of SFA and sponsor and stockbroker to Schroder Split Fund plc in connection with the Offer. The value of shares can

8th March 1993

WOOLWICH Building Society -

\$100,000,000 Floating rate notes due 1996

Notice is hereby given that the notes will bear interest at 6.275% per annum from 4 March 1993 to 4 June 1993. *Interest payable* on 4 June 1993 will amount to §158.16 per \$10,000 note and £1,581.64 per £100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Basis of Allocation of Shares

rate movements,

Valid applications made under the Offer will be met as set out in the following table. Definitive certificates for all three classes of shates are expected to be despatched on Wednesday 10 March 1993 and dealings are expected to commence separately in each class of shares on Thursday 11 March 1993. Schroder PEP investors will be notified separately. Applicants who deal prior to receipt of their share certificates do so at their own risk,

Offer for Subscription sponsored by de Zoete & Bevan Limited

Number of Shares applied for		pplications fo lass of Share		Applications for more than one Class of Share*					
	Income Shares	Capitai Shares	Zero Dividend Preference Shares	Income Shares	Capital Shares	Zero Dividend Preference Shares			
0 - 25,000	100%**	100%	100%	100%	100%	100%			
25,500 - 300,000	85%	100%	100%	90%	100%	100%			
300,500 - 1,000,000	75%	100%	100%	85%	100%	100%			
1,000,500- 2,500,000	50.58714%	100%	100%	50.58714%	100%	100%			
2,500,500 - plus	50.58714%	98.95205%	100%	50,58714%	98.95205%	100%			

Allocations have been made in full in respect of applications for Income Shares by authorised financial

March 8, 1993, Landon By: Calbank, N.A. (Issuer Services), Agent Bank

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Bank of Ireland

U.S. \$300,000,000

Undated Variable Rate Notes

Notice is hereby given that the Rate of laterest has been fixed at 4.1875% and that the interest payable on the relevant Interest Payment Date Juse 5, 1993 against Coupon No. 15 in respect of US\$100,000 nominal of the Notes will be US\$1,070.14.

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GERMAN BONDS

SURPRISE is e central weapon in the armoury of e central bank - especially the German Bundesbank, which over the course of last week teased the markets with contradictory signals, but on Friday delivered a positive surprise.

The market wae disap-pointed thet last Thursday'e council meeting bed closed without a cut in eitber the Lombard or discount rates and then delighted when oo Friday the Buodesbaok announced e 24-basis point cut in its next 14-day repurchase agreement to 8.25 per cent, down from 8.49 per cent.

The move was taken by the markets as final confirmation that the Buodesbank is embarked on a steady course of substantisl cuts in short-term interest rates - and proof that the Bundesbank believes the downturn in the German ecocomy will prove a better brake on inflation than high interest rates.

level since the end of Decem-

The average daily yield on all government eccnrities dropped by 10 basis points to 6.37 per cent, with the yield on 10-year benchmerk bunds down to 8.5 per cent from 6.7 per cent at the beginning of the week and well below the average over the last 10 years. These price rises capped a glorious eight months for the

German bund market. Yields on 10-year bunds have dropped from 8.28 per cent in July last year, buoyed by massive purchases by foreign

There are no figuree yet evailable for foreigners' purchases in the first two months of the current year but over the whole of 1992 they spent DM135bn buying German government securities, more than twice the DM60bn invested in

purchases took place in the second half of the year, reflecting investors' confidence in the strength of the D-Mark amid the currency market tur-moil. Foreign investors bought DM64bn of German bunds in the last quarter alone.

Apart from the D-Mark's safe-haven status, investors were attracted by the prospect of decisive cuts in interest rates which - after a rather grudging etart in mid-Septemwith the half-point cut in the discount rate (to 8.25 per cent) and the quarter point off the Lombard (to 9.5 per cent) gathered momentum with the rate cuts on February 4, when the Bundesbank trimmed the Lombard by 0.5 per cent and the discount rate to 8 per

Comments from Mr Johann Gaddum, a member of the Bundesbank's policy-making council, to the effect that the cut was not necessarily a pre-

rates the next time the council meets on March 18, did nothing to stop excited speculation about the future course of interest rates.

It is now widely expected that the "official" Lombard and discount rates will fall by up to two more full basis points during the course of the

Mr Kermit Schoenholtz et Salomon Brothers predicts that call money will drop from its current level around the repo rate to 6.5 per cent by the end of this year and below 5 per

The question for investors is whether this scenario has already been reflected in the significant price rises of recent months - wbether oow is not the right time to sell bunds and buy the higher yielding fixed-income securities of France, the UK, or even Italy, where yields on 10-year bench

among the relative pessimists who think yields may not have much further to fall at the long

"I am concerned about the

level of yields at this end of the

curve." Mr Richardson said.

"In the past three weeks there

has been nothing to dent the

market's view that inflation in

the UK is under control. But

further out we could see infla-

build up. The level of funding

envisaged for 1993-1994 will not

be a problem - as long as all

control, of which inflation is

higher than the equivalent

Mr Klaus Holschuh in Commerzbank's fixed-income research department believes that there is significant downside risk associated with holding 10-year bunds.

He says that once foreign investors start to take their profits in any volume – per-baps after the Bundesbank does cut its official rates again selling pressure could put yields on such long maturities back up to 7.3 to 7.5 per cent. These bunds are likely to be most vulnerable to worries ebout Germany's poor fundamentals on the inflation and budget deficit front.

Mr Holschuh argues that bunds with intermediate maturities make a better investment for those investors not prepared to risk moving put of

Yields on bunds with three, four and five-year maturities are around 6.2 per cent and could gain most as the shape of the still inverted yield curve normalises amid further interest rate easing.

The danger of this strategy is that yields on 10-year bunds could after all climh still further, teased upwards by the Bnndesbank'e gradualist approach to rate cuts and the

David Waller | auctions would diminish signif-

us money and credit

Prices soar on back of Bundesbank rate cut Surprise is a central weapon in the armoury of a central bank - especially the German It sent German government bond prices up to their highest land - especially the German land bond prices up to their highest level since the end of Decem All but DM12.5bn of these purchases took place in the disconnt and Lombard the disconnt and Lombard second half of the year. All but DM12.5bn of these purchases took place in the disconnt and Lombard the disconnt and 475 basis points because the end of Decem Bundenty And Charles A

IS A 6.5 per cent yield on the 30-year Treasury bond a real

possibility?
For most of last week, the mood of US bond dealers seemed to suggest that it might he. It took the Fehruary employment data, which on Friday disclosed a surprisingly large increase in jobs last month, to inject a dose of cold reality into the market.

The persistent "upbeat" mood – which, in the previous week, had sent the long bond yield to its lowest level since 30-year bonds began to be issued regularly in the 1970s became plain when trading began on Monday.

In spite of disruption stem ming from the World Trade Center blast and some cautious comments on short-term government borrowing plans from Mr Lloyd Bentsen, tha new US treasury secretary, the long bond yield had fallen to 6.84 per cent by Monday evening from 6.9 per cent at the end of

the previous week.

Admittedly, there was nothing particularly alarmist in Mr Bentsen's remarks; he simply indicated that there would be no "dramatic, radical shift" in the authorities' short-term borrowing plans.

Nevertheless, traders had attributed part of the long bond's price rise to expectations that the quarterly 30-year

icantly in scale, and this might have depressed sentiment. So, too, might the temporary absence from the market of Cantor Fitzgerald, an important brokerage firm in the bond market and one of the casualties of the WTC explo-

But, having overcome these obstacles, the bond price rally duly continued for another three days. By Thursday evening, the long bond yield had dropped to 6.78 per cent, and yields on other Treasury issues

At this stage, there were few specific economic numbers to account for the rise although weaker-than-expected data on 10-day car sales may have helped. In general, the rally appeared to result from growing confidence in the non-inflationary implications of the Clinton economic plan, and even some speculation about a further easing of interest rates by the anthorities.

had also declined.

Nevertheless, uneesiness about the speed and extent of the rally was beginning to spread among analysts - and Friday's release of the jobs numbera hrought e perfect opportunity for the market to consolidate.

The numbers themselves were certainly unexpected: there was an increase of 365,000 workers on non-farm payrolls in February, ebout

pundits bed been predicting, while the national unemploy ment rate edged down by a

STERNATIC

tenth of 1 per cent, to 7 per With the weekend to reflect analysts appeared to be stri-

king a cautious note. Some pundits observed that manufacturing sector employment remains fairly weak although it does appear that the recent pick-up in economic activity is finally translating

into jobs.

Although demand and supply considerations may under-pin recent bond yields, many suspect that the steam will go

out of the rally. The coming week, meanwhile, will be fairly light on new economic data. The February producer price index is due to be released on Friday, and expectations centre on a small increase - perbaps 0.3 per cent, after 0.2 per cent in January - due to higher food and

Predictione for February retail sales figures, out on Thursday, focus on a modest 0.1 per cent increase. Individual store sales results for the month have already displayed lacklustre trading, although retailers have blamed severe winter weather in many parts

Nikki Tait

UK GILTS

Domestic buyers wary ahead of Budget

AFTER a further reduction in yields for long-dated gilts, bond specialists are starting to ask bow long the good times will The indications are that dur-

ing February - a bumper mooth for gilt prices - steady demand from overseas institutione, particularly in the US and Germany, bave been a big stimulant for the market. But domeetic investors are

likely to be wary about any big glit purchases before next week's Budget. They will also be looking for any surprise weakness in the

monthly figures for producer

price inflation due out tomor-Geoeral sectiment in the gilt market was boosted by expectations about an imminent cut in key German interest rates coupled with strouger sterling and a favourable UK inflation

A surprise 24 basis-point cut in Germany's 14-day repurchase rate announced on Friday added weight to views that the Bundesbank's decisionmaking council will reduce Its discount and Lombard interest **UK gilts yield** Restated at par (%)

next week or two. Feb 26, 1993 7.0 Mar 05, 1993

rates at its next meeting on March 18. The June gilt future, which broke through 107 on Friday, is

20 25

thought likely to continue its recent rise. At Friday's close, 15-year gilt yields were down about 25 basis points on the week to around 7.8 per cent in a continuation of the marked reduction

years.

in yields since late January. According to many specialists, gilt gains are likely to lag slightly behind the German and French markets, with the

yield spread between 10-year Japanese bank Yamaichi, is gilts and bunds widening hy just a few basis points over the

Mr John Shepperd, an economist at SG Warburg Securities, says that the Treasury is likely to end the 1992-1933 financial year overfunded to the tune of about £4bn, due partly to a higher-than-expected surplus on the fiscal account in Janu-

However, much attention will focus on the public sector borrowing requirement for February, due to be announced on Budget day, which some believe could be extremely

1993-1994 - thought likely to be at least £50bn, as opposed to the likely figure of roughly £35bn to £37bn for 1992-1993 ~ are likely to be a prominent feature of market operations over the next two months.

> at the long end could easily rise on account of fears that s large level of funding will pull Mr Nigel Richardson, econo-

mist at the London office of the

During this period gilt yields

Many analysts believe that on Budget day, Mr Norman

Lamont, the chancellor, will announce a new programme of gilt auctions which will ram bome the implications of the large volume of funding around the corner. It could be that after this the

sppreciable rally in the gilt market, which was a promi-nent feature of 1992, will start

Peter Marsh

(This announcement appears as a matter of record only)

US\$ 10,000,000 COMMON STOCK OFFERING

BIOQUEST VENTURE LEASING COMPANY - A N.V.

The offering raised funds outside the United States to acquire equipment subject to leases with emerging biotechnology and biomedical companies in the United States.

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(A member of the Dar Al-Maal Al-Islami Group)

Dccember 1992



Notice to Holders of Medical Care International, Inc.

63/4% Convertible Subordinated Debentures Due 2006

Notice is hereby given that Medical Care International, inc. has executed a First Supplamental Indenture, dated as of February 11, 1993, supplementing the Indenture, dated as of October 21, 1991, pursuant to which the 6%% Convertible Subordinated Debentures Due 2006 were issued and ere outstanding. Pursuent to the First Supplemental Indenture, effective September 9, 1992, Medical Care America, Inc. assumed all obligations of Medical Care International, inc. under the Debentures and the Indenture, and the shares into which the Debentures are convertible are now shares of the Common Stock of Medical Care America, Inc. in addition, pursuant to the First Supplemental Indenture, effective February 11, 1993, Texas Commerce Bank National Association, whose principal corporate trust office is located at 600 Travis Street, Houston, Taxas 77002, U.S.A., succeeded New First City, Texas-Houston, N.A., legal successor to First City, Taxas-Houston, N.A., as Trustee under the

MEDICAL CARE AMERICA, INC.

Notice of Dividends in Shares and Subscription Price Adjustment



Daewoo Corporation U.S. \$150,000,000 5%% Bonds due 1996 with Warrants

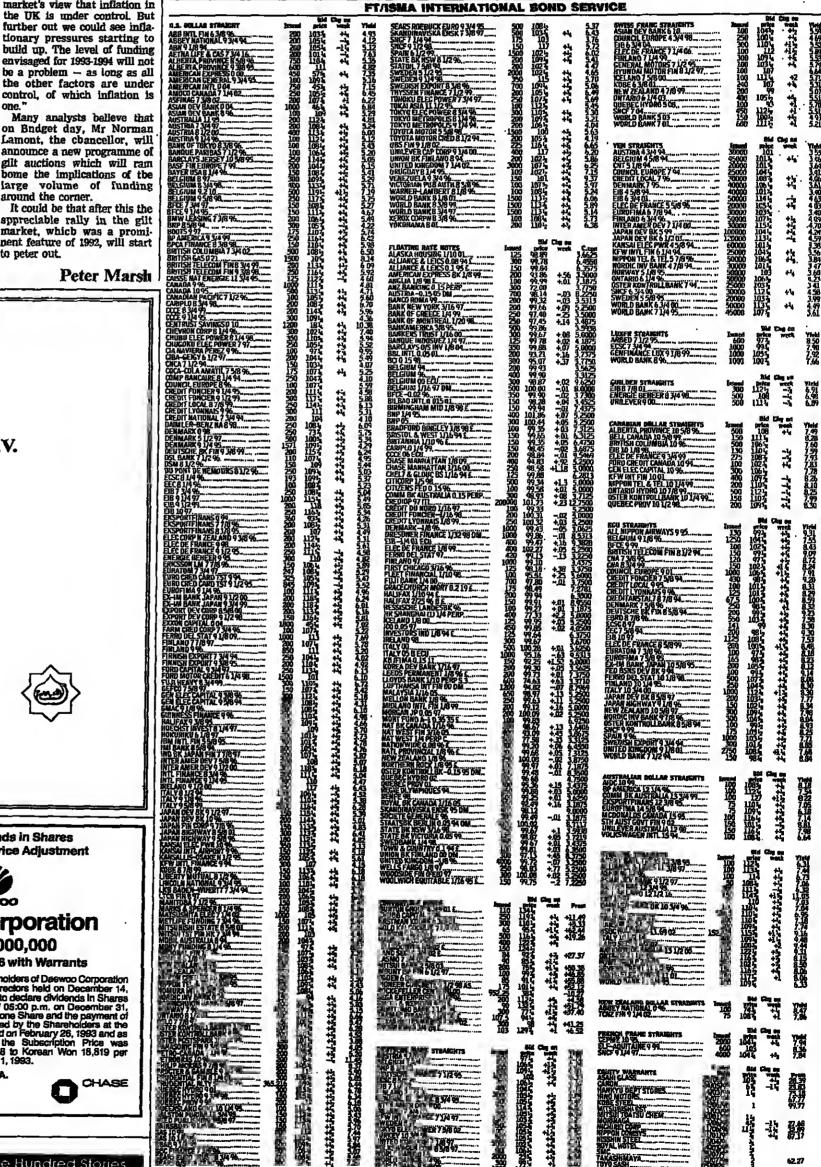
Notice is hereby given to the Warrantholders of Deewoo Corporation that at a Meeting of the Board of Directors held on December 14, 1992, Daewoo Corporation resolved to declare dividends in Shares to the Shareholders registered as of 05:00 p.m. on December 31, 1992 in proportion of 0.05 Share per one Share and the payment of the dividends in Shares was approved by the Shareholders at the General Meeting of Shareholders held on February 26, 1983 and as a result of dividends in Shares the Subscription Price was decreased from Korean Won 17,248 to Korean Won 18,819 per Share effective retroactively January 1, 1993.

By: The Chase Manhattan Bank, N.A. London, Principal Paying Agent and Warrant Agent

March 8, 1993



One Chart Equals One Hundred Stories that team 5 chart trainers 10 ft. European and Internative of Equation 4.4 the chart trainers and 17 and 4 their charts the positive and trainers and the a team team of their charts and trainers and the trainers and the chart team of their teams.



INTERNATIONAL BONDS

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Revival of investor interest in Latin America AN APPETITE for extra yield, at a the debt crisis of the early 1980s time when low interest rates are squeezing returns, has encouraged investors to return to the market for Latin American bonds. Although the market is noted for its volatility, the relatively strong economic performance of the region in the last few years has ensured a

steady tightening of yield spreads relative to the US Treasury market. The market suffered a setback at the end of last year, when oversupply caused yield margins to widen substantially. However, those wider margins, reviewed at the start of the year, started to attract investors back to the market.

The range of investors has already broadened considerably. Initially dominated by flight capital funds iovested by Colombian nationals - the market has been taken up by a growing number of specialist funds. Institutions are starting to dip their toes in the water, buying Latin American securities as a small part of large and diversified portfolios.

In the meantime, the number of sovereign borrowers able to tap the market continues to grow, as the re-entry of Latin American countries to the International capital markets progresses, in the wake of

Uruguay, which completed ita first Eurobond last year, is about to return to the market with a fiveyear deal, arranged by Chase Investment Bank, which is expected to yield about 295 basis points over

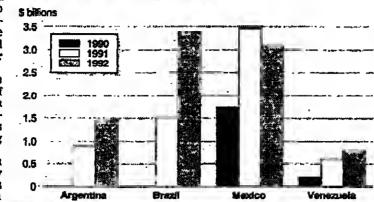
the five-year US Treasury. Colombia will make its debut in early April, with e \$100m issue of five or seven-year Eurobonds, via Bankers Trust. The deal for Colombia, which never rescheduled its debt, has already ettracted strong investor interest, bankers said.

Some bankers believe that Peru - or a government-owned company may also tap the market this year, after having implemented a number of economic reforms last year: Ecnador la also cited as a potential new borrower.

However, bankers have become Increasingly frustrated in their efforts to bring Chilean borrowers to the market. The government has clamped down on foreign borrowing, barring banks from tapping the market and restricting all hnt a few companies. "Every time you get a mandate, the Chilean authorities change the rules, effectively blocking the market," complained one

Chile has an active domestic mar-





is available, but the amounts are small. In addition, banks are keen to raise dollars in the international market to on-lend to companies for their export husiness. However, CTC, the Chilean telecommunications company, is said to be preparing a convertible hond issue via Goldman Sachs.

Borrowers are also beginning to tap markets other than the dollar market. Venezuela is said to be planning a DM350m-DM400m issue

NEW INTERNATIONAL BOND ISSUES

ket, where funding of up to 20 years of five-year bonds via Commerzbank (having just issued three-year dollar bonds in the domestic Colomhian market). Apasco, a foreignowned Maxican cemeot company, is also planning to tap the D-Mark sector, via Dresdner, according to bankers. A number of deals are also in the pipeline in the dollar market,

> Brazilian banks. There is atll some had news about, however. Sentiment on Brazil is increasingly negativa,

including issues for Argentine and

finance minister did not worry the market. Bankers are concerned about the financial position of the country and some companies, and fear the signing of the Brady plan on debt restructuring may still be

some way off. In addition, although spreads can tighten dramatically in this market, when they become too narrow the incentive to buy riskier paper disappears. In recent weeks, corporate paper, which had been trading at rather wide spreads, has prompted most interest. For example, sevenyear Cemex paper tightened from 450 basis points to 380, because it was perceived to offer a high yield.

The market's volatility still scares off some investors. Part of the prob-lem, according to some specialists, is that relatively few banks are active in this area, and they may not allocate aubstantial capital to

dealing in Latin American bonds. However, there are signs that more banks are deciding that Latin American business is worth getting. For example, Deutsche Bank, which has not been an active arranger of Latin American bonds, recently managed a D-Mark issue for Mexico.

Tracy Corrigan

An unprecedented performance by the UK's fund managers

RISK AND REWARD



IS measuring the performance of fund managers becoming as much an art as fund management itself? New figures due this week from Combined Actuarial Performance Ser-

vices, the Leeds-based pension fund performance measurement service, are likely to stir the debate further.

According to CAPS, the average UK fund manager outperformed the FT-A All-Share Index by a best-ever 1.8 percentage points, earning a median return of 22.4 per cent on a portfolio of UK equities against a

20.6 per cent return on the FT-A.

Meanwhile, WM Company,
another pension fund measurement service, calculates that the average return generated by institutional fund managers in UK equities was 20.8 per cent, although half the funds in its survey beat the index by one percentage point or more.

The outperformance seen in the CAPS data is unprecedented, says Mr John Clamp, chief executive. Between 1982 and 1991, fund managers actually underperformed the FT-A index in seven of 10 years by an average of 0.89 per cent. They outperformed in only three years, by e more modest average of 0.66 per cent. Similarly, the WM survey finds that fund managers had, for the first time in 1992, outperformed key indices in every stock market at home and abroad.

So what is going on? And if rates of return can be so different, what is the appropriate benchmark against which to measure performance? These questions prove particularly troublesome to pension fund consultants who guide clients into the arms of fund managers.

Mr Nick Fitzpatrick, partner at actuarial consultants Bacon and Woodrow, notes that partly because of the role of pension consultants, there has been an increasing concentration of pension funds in the hands of no more than a half-dozen fund managers with consistently good performance. Several of these - Gartmore and Phillips & Drew

Fund Management in particular wildly outperformed the FT-A Index in 1992 and the outperformance of the CAPS median may well reflect the concentration of CAPS clients in the hands of these managers.

But others suggest that differences in actual fund size account for the variations in returns.

Mr Peter Worrington, marketing manager at WM, notes that his company measures returns of 2,500 funds including several in-house managed funds of more than £1bn. Because of their size, many of these maintain an actual or de facto indexed core whose returns will be much closer to that of the FT-A Index. Any outperformance will be

echieved in smaller satellite funds. In contrast, the CAPS survey covers 1,700 pension funds with an average size of £120m and only 3 per cent of which are more than £500m. These pools are more likely to eschew indexation, assigning mandatas which pay performancerelated fees for outperforming a

But even if the degree of outperformance varies between measure-ment services, why should the active managers have done far better on average than the market as a

Mr Clamp says that the small companies factor may be at work. Indexers, unlike 1992's most successful fund managers, would have been required to hold small companies "and these were dogs last year," Mr Clamp notes.

But could the underweighting in small companies spell trouble for 1993? In the first two months of this year, the FT Small Capitalisation Index rose 12.1 per cent against a 2.4 per cent rise in the FT-A. Also, the consultants say, several

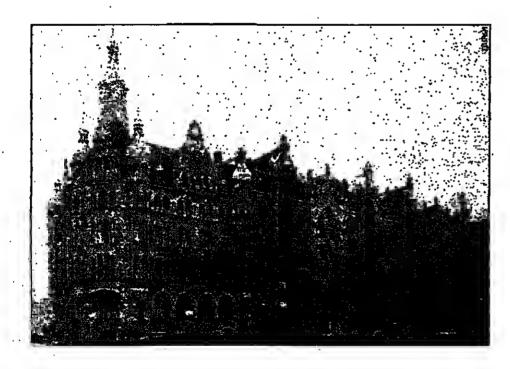
of the biggest fund managers had particularly good stock selection. Gartmore, for instance, was said to have switched heavily into recovery stocks immediately after the UK left the ERM. Similarly, Phillips &Drew, with an unusually low 48 per cent weighting in UK equities, concentrated its holdings in the very large stocks which performed best.

But if indices can vary so much, how is a pension fund client to decide which should be the benchmark? Mr Clamp argues that the FT-A remains a valid benchmark for indexed funds. However, perhaps it is time for performance measurement services to devise sub-categories of their own that would allow clients to compare performances more accurately.

Norma Cohen

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %	Borrowers	Amount m.	Maturity	Av. life years	Coupon	Price	Book runner	Offer yield %
US DOLLARS								SBAB Northern Rock Bldg.Soc.	100 50	Apr.1998 Mar.2018	5 25	7.375 10.375	101.275 101.764	Datwa/ UBS P&D SG Warburg Securities	7.064 s 10,178
Dalwa Seikoł(a) Casio Computer Co.(b)4	40 350	Mar. 1998 Mar. 1997	5	2	100	Banca del Gottardo Delwa Europe	-	CANADIAN DOLLARS							
Dowa Mining Co.(f) Eurofima(g) ## CFD(k) Czech National Bank(i)	120 100 330 300	Mar.1997 Mer.2000 Apr.2005 Apr.1996	4 7 12 3	2 (g) · 6.25 (l)	100 100 99.77 (1)	Nikto Europe Lehman Brothers Intl. C.Lyonneis/ UBS P&D Nomura International	6.278	Province of Ontario(i)# European Inv/ment Bank(m) ECUS	1.5bn 200	Mar.2003 Feb. 1998	10 4.9	8 7.25	98.45 102,405	Merrill Lynch Intl. JP Morgan Securities	8.230 6.653
Rabobank Nederland(n)†# Copens(o)# YEN	100 65	Mar.2000 Mar.1998	. 7 . 5	(n) 10.5	99.875 97.153	Lehman Brothers Intl. Citibank International	11.260	Council of Europe(e) GUILDERS	100	Nov.2001	8.67	9	106.3	Goldman Sachs Intl.	7.85
Mitsut Fudosen Co. All Nippon Airways Co. Tokyo Tatemono Co.	30bn 30bn 10bn	Jun. 1997 Jun. 1998 Jun. 2000	4.29 5,27 7.27	4.3 4.5 5	101.485 101.7 101.425	Goldman Sachs Intl. Nikko Europe Yamaichi Intl (Europe)	3.913 4.131 4.760	ABN Amro Bank DANISH KRONER	1bn	Apr.2000	7	8.825	100.75	ABN Amro Bank	8.488
Toda Corp. DSL Bank Great Belt Sumitomo Realty & Dev.	10bn 10bn 35bn 30bn	Jun.2000 Mar.1998 Mar.1998 Jun.1997	7.27 4.99 5 4.27	5 4,125 4.25 4.2	101.5 101.225 101,1 101.5	Nikko Europe Sekura Finance Inti. Delwa Norinchukin Delwa Europe	4.747 3.851 4.227 3.808	Finance for Danish Industry Great Ball SWISS FRANCS	300 1.5bn	Apr.1997 Apr.2003	10	9.375 zero	101.7 45.72	Den Danske Bank Kidder Peabody Inti.	B.852 B.141
Sumitomo Realty & Dev. Sumitomo Realty & Dev. D-MARKS	20bn 20bn	Jun.2000 Jun.1998	7.26 5.26	4.8 4.5	101.648 101,475	Goldman Sachs Intl. Goldman Sachs Intl.	4.525 4.178	Sansei Yusoki Co.(c)** Catena Corp.(j)** European Investment Bank	25 40 300	Mar.2000 Mar.1987 Apr.1999	7 4.04 8	2.5 3.625 4.5	100 100 102,125	Banca del Gottardo Nomura Bank(Switz.) Credit Suisse	4.093
Kingdom of Belgium Komeri Co.	1bn 30	Mar,1998 Mar,1998	5	6.375 6.75	101.7 101.4	Deutsche Bank (BJ(Deutschland)	5.972 8.414	BLF(q) LUXEMBOURG FRANCS	80	Apr,1998	5	4.75	101	UBS	4.522
Bank of Greece FRENCH FRANCS	1bn	Apr,1998	5	7.75	101.6	Commerzbank	7,356	BIL	500	Mar.2003	10	7.625	102.25	811.	7.300
Electricité de France(d) STERLING	1bn	Dec,2002	9.7	zero	49.5	Paribas Cap.Mkts.	7.521	Finel terms and non-callable uni- coupon, a) Donorti.; 3Fr50,000 + YS31, FX. 119,50Y/SFr. c) Denor FFr3bn 40 days after payment dat	50 warrant s.: 8Fr50,000 a. ej Fungiti	t 60 erarrent e with the outsi	te: Y714, FX is. Exercise Landing Ecul	; 78.36Y/SFs. price: Y1262 bn. Plus 121	b) Denom; FX: 78.22Y/	\$10,000 + 2 warrants. Exert SFr. d) Fungible with the or I Interest, f) Final torms fixed	cise price substanding l on B/3/93
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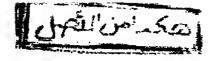
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	FI MANAGED FUNDS SERVICE	and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.
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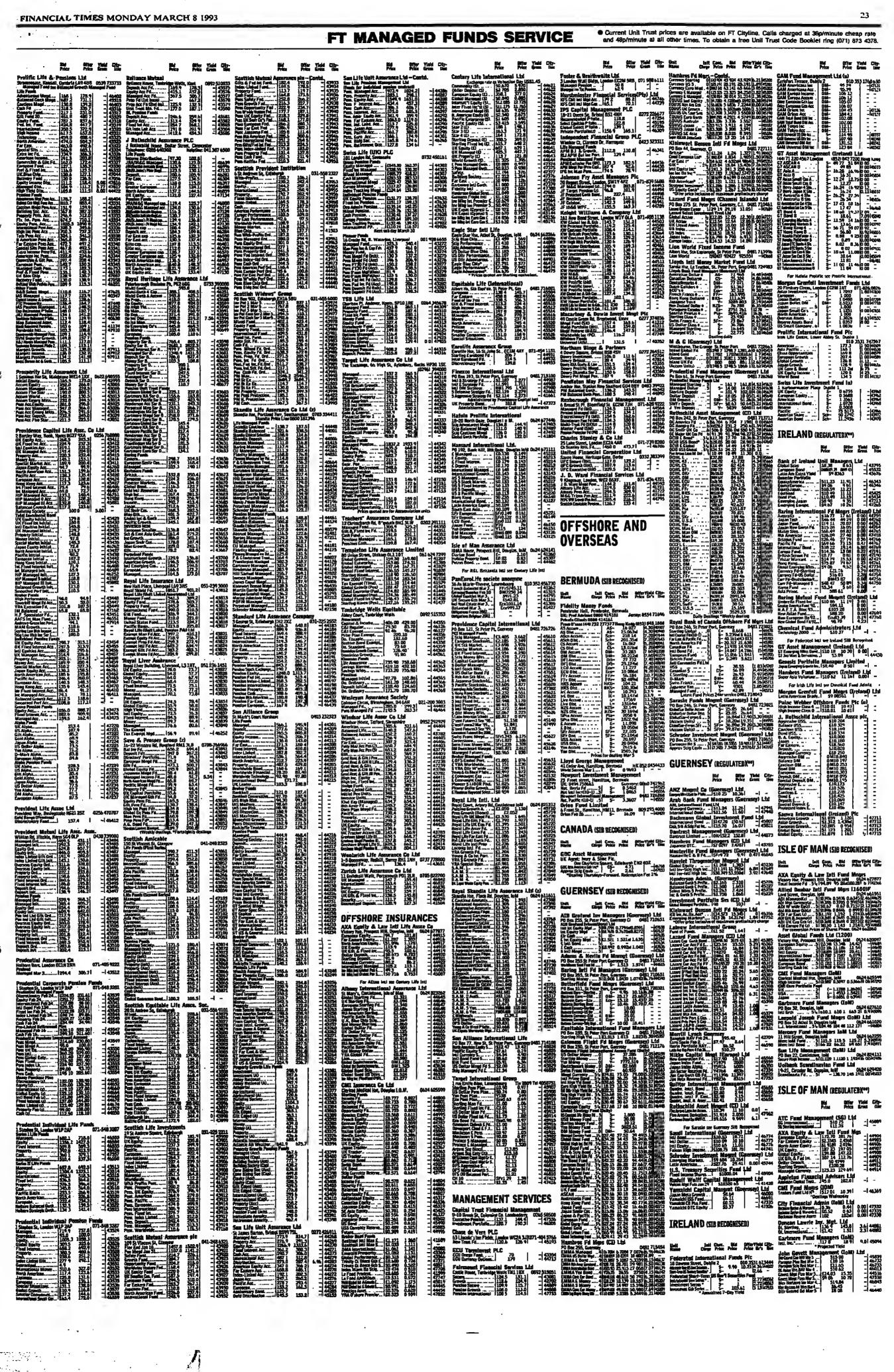
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FINANCIAL TIMES MONDAY MARCH 8 1993 CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS After the payroll

FOREIGN exchange dealers confidence will also be will focus their attention on screened closely. this week's US economic indi- Currency trading in the cators, following a remarkable European exchange rate employment report released mechanism should be calmer

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ruary, against market expectations of, at best, 150,000. This has led dealers to think that the US economy is showing signs of maintaining its recov ery from recession.

UK clearing bank base lending rate policy. 8 per cent from Jansery 26, 1993

store by this latest figure, deficit. because around 90 per cent of The because around 90 per cent of the rise reflects an increase in people doing part-time jobs.

The solidarity pact is unlikely to be completed for some time yet. But a successful

figura for February. The the regions could encourage market is expecting a monthly the Bundeshank council to rise of around 0.3 per cent. ease its official interest rates Friday's University of when it next meets on March Michigan survey of consumer 18.

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

Sterling
U.5 Dollar
U.5 Dollar
Canadian Bollar
Austrian Schilling
Belgian Franc
Danish Kroee

PHILABELPHIA SE £/5 OPTIONS £31,250 (cods per £1)

1 4465-1 4475 1 4555 1 4565 0.43-0.42pm 0.39 0.38pm 1 04-1 02pm 1 04 1 02pm 5 00-2 90pm 2.97 2 90pm

Mar.5 | Previous

last Friday, writes James Blitz.
The non-farm payroll report showed a rise of 365,000 in February and the state of 365,000 in February and 565,000 in February and 565, an important requirement for an aggressive easing of

On Thursday and Friday, Chancellor Halmut Kohl will meet the heads of Germany's Some analysts were reluctant regions for talks on how to at the weekend to set too much reduce the German budget

people doing part-time jobs.

The market will therefore look for further indications of an upturn in the US economy in Thursday's retail sales for February The

Mar 5	E	5
rgentina	1.4465 - 1.4480	0.9980 - 0 9990
estrafia	2.0455 - 2.0475	1.4120 - 1.4130
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Corea(Stdu) _	1145.95 - 1162.45	790.30 - 796.50
mwak	0 44530 - 0.44630	0.30690 - 0.30740
PROGRESIUS	49.40 - 49.50	34.15 - 34.25
EKATIFE	3.7890 - 3.7990	2.6180 - 2.6200
lexico	4.4965 4.9955	3,1020 - 3 1040
Zealand	27485 - 27535	1.8960 - 18995
laggagger	23825 23885	1 6450 - 3 6660
Al (Cm)	4 5750 . 4 5860	3 1660 - 3 1690
Al (Fn)	6.6500 - 6.6935	4.5300 - 4.5600
atware.	37.40 - 37.50	25 80 - 25 90
A E	5.3145 - 5.3290	3 6715 - 5 6735
		£98.50 \$66.30

Dr.	Bank & rate %	Mar 5
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Jes	106-31	106-31	106-31	107-10					
Sep	105-31	105-31	104-29	106-09		E HARK CHA	()		
Dec	105-02	105-02	103-28	105-11	OM125,0	0Q 5 per OM			
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	ASURY BELLS	CENTRA)			Jun Sep	0.5917 0.5866	0.6020 0.5950	0,5900	0.601
S.Lin point	is of 100%				Dec	0.5828	0	4.44	0.5919
	Class	High	Low	Prev.	-,-				
'jpa -	96,93	97.08	96.85	97.03	THEFT AS	ONTH EUROD	W 1 40 /0		
Sep	96.74 96.45	96,94 96.66	96.65 96.36	96.90 96.63		s of 100%	ATTACK ATT		
Dec	70.49	70.00	30,30	74.03	ation burn		111-4	7.	Prev
					Mar	96.74	High 96,86	96.73	96.81
					Jen	96.62	96,79	96.53	96.73
	POUND (IMM)				Sepi	96,40	96.62	96 28	96.57
\$s per £					Dec	96.05	96 29	95,88	96.2
	Close	High	Low	Prev.	Mar	95,88 95,54	96.12	95 71 95 36	96,07
Mar	1.4470	1.4580	1.4430	. 1. 4536	Jon	95.21	95.79 95.45	95.01	95.40
Jun Seo	1.4370 1.4300	1.4470	1.4330	1.4434 1.4356	Sep Dec	94.79	95.02	94.61	94.97
		1000	1.400	2.400	STANDAR	A POORS 5			
	RANC COMIC				\$500 Unit				
2 r 125 (100 S per SFr				••-	· Close	High	445.50	Prev.
	Close	High	LON	Prev.	Mar	446.55	450.60	445.00	447.25
Mar	0.6469	0.6580	0.6436	0.6573	Jun Sep	447.05	451,20	446.60	448 05
Juq Sep	0.6436 0.6419	0.6525	0.6405	0.6537 0.6517	Dec	447.65	451.60	447.30	448.75
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ung term Eurodolla tars 5%-5½ per cen	rs: Lon years 4, t nominal. Sho	,-4,3 per cent; t term rates are	three years 411 call for US Do	46 per cent; fi llar and Japane	our years 54-5 or Yea, others, b	no days' notice. 2 per cent; The
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MANUAL DATES

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Mar.5	Dranight.	Dae Month	Two Months	Three Months	Sin, Months	Lombard Intervention	
Frankfurt	840-8.60 112-114 55-53 818-825 328-33 114-114 64-84 104-11	835-845 113-113 53-55 800-810 58-335 113- 83-84 123-13	8.05-8.15 14-14 ₄	7,90-8.00 113-114 514-54 7,65-7 84 114-112 84-82 134-144	7.40-7.50 : : 13-13%	9,00 9,30	

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FT-ACTUARIES WORLD INDICES Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		·	FR	IDAY MA	RCH 5 1	993				THURSO	AY MARC	H 4 1990	3	DOL	LAR IND	EX
Figures in parentheses ahow number of lines of stock	US Dollar Index	% chg (3) since 31/12/92	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/92	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yan Index	OM	Local Currency Index	1982/93 High	1992/93 Low	Year ago (approx)
Australia (68)	134.12	+7.2	137.52	99.75	116.24	126.01	+4.1	3.90	135.00	137.65	96.63	114.79	126.74	153.66	108.18	144,30
Austrie (18)	148.78	+6.1	152.54	110,65	128.94	128.49	+ 8.5	1.75	150.75	153.72	111.26	128.18	128.10	186.70	181.18	174.82
Belglum (42)	141.86	+8.3	145.25	105.35	122.77	119.48	+8.4	5.05	141.94	144.73	104.75	120.69	117.98	152.27	181.18	139.29
Canada (113)	122.20	+5.7	125.29	80.87	105.90	110.52	+ 3.8	3.03	121.96	124.33	89.96	103.67	109.66	142.12	111.36	133.44
Denmark (33)	201.71	+8.4	206.82	150,01	174.82	175.44	+ 10.5	1.31	203.95	207.96	150.52	173.42	174.27	273.94	181.70	237.34
Finland (23)	74.94	+7.7	76.84	55.73	64.95	94,92	+24.2	1.45	75.20	76.68	55.50	63.94	93.82	89.80	52.84	79.47
France (98)	156.42	+6.3	160.38	116.32	135.55	138.69	+8.7	3.24	158.53	161.65	116.99	134.79	138.20	168.75	136.93	152.65
Germany (62)	111.49	+7.2	114.31	82.93	95.82	96.62	+ 10.3	2.37	113.83	118.07	84.02	96.79	96.79	129.69	101.59	118.77
Hong Kong (55)	262.08	+18.3	268.71	194,90	227,15	260.18	+18.2	3.53	260.68	266.01	192.53	221.84	258.96	262.28	176.35	203.54
Ireland (16)	137.62	+1.4	141.10	102.34	118. 2 7	133.23	+ 13.0	3.94	141.96	144.72	104.74	120,68	134.62	173,71	122.96	159.27
Italy (75)	63.69	+16.1	65.30	47.36	55.20	74.92	+24.1	2.70	64.28	65.54	47.43	54.65	75.09	80.96	47 <i>,</i> 47	71.39
Japan (472)	107:98	+28	110.71	80.30	93.59	80.30	-3.1	1.04	108.66	110.80	80.19	92.41	80.19	140.95	87.27	113.48
Malaysia (69)	277.77	+6.2	284.80	206.58	240.73	280,18	+8.4	2.35	277.08	282.51	204.48	235.58	279,30	282.42	212,49	240,17
	1506.12		1544.24	1120.08	1305.31	5109.76	- 9.1	1.17	1518.22	1548.08	1120,44	1290.94	5140.02	1789.77	1185.84	1740.42
	181.44	+8.6	185.52	120.06	139.92	138.08	+9.9	4.18	162.72	165.92	120.08	138.36	136.58	169.70	147.88	149.35
Netherland (25)	45.34	+5.7	46.49	33.72	39.29	45.69	+3.1	4.79	45.22	46.11	33.38	38.45	45.43	48.52	37.39	45,47
New Zealand (13)	140.81	+ 2.1	144.17	104.57	121.87	134.50	+4.0	1.95	140.18	142.91	103.44	116,18	132.26	192.95	128.05	166.77
Norway (22)	222.73	+4.4	228.37	185.65	193.03	168.90	+4.7	1.96	228.80	228.20	185.16	190.29	169.45	229.63	179.65	205,44
Singapore (38)		+11.2	168.82	122.45	142.69	163.57	+4.1	3.08	160.78	163.94	118.65	135.71	181.48	263.60	134.21	215.15
South Atrica (60)	164.65			94.27	109.85	113.88	+ 12.6	5.28	126.87	129.36	93.63	107.67	112.88	161.72	107.10	163.88
Spain (46)	126.78	+8.7	129.96			189.14	+9.1	2.05	164.67	168.11	121.68	140.19	186.71	200.28	149.69	161.14
Sweden (36)	165.13	- 0.3	169.30	122.80	143.11					115.31	83.47	96.17	108.39	122.37	95.99	97.48
Switzerland (56)	111.01	- 1.8	113.82	82.56	96.22	106.40	+3.6	2.03	113.09		125.68	144.78	173.63	200.07	161.88	173.81
United Kingdom (226)	170.31	1.2	174.62	126.65	147.59	174.62	+3.5	4.20	170.29	173.63						
USA (522)	182.14	+2.3	186.75	135.48	157.88	182.14	+2.3	278	182.65	186.25	134.80	155.32	182,65	183.74	160.92	165.16
Europe (778)	139.94	+29	143.48	104.07	121.29	133.92	+7.3	3.48	140.99	143.76	104.05	118.88	133.33	156.88	131.31	142.90
	152.08	+2.6	155.92	113.10	131.80	153.03	+ 10.0	1.81	152.36	155.36	112,44	129.55	151.28	188.52	141.24	172.77
Nordic (114)	113.99	+3.9	118.87	84.77	98.79	87.10	- 1.4 .	1.38	114.61	118.87	84.58	97.45	86.99	141.97	93.70	117.40
Pacific Basin (715)		+3.4	127.63	92.57	107.88	105.48	+24	2.35	125.28	127.74	92,45	106.52	105,19	145,21	113.80	127.86
Euro - Pacific (1493)	124,48			132.70	154.65	177.28	+2.3	2.79	178.88	182.40	182.03	152.13	177.71	179.60	158.70	163.14
North America (635)	178.41	+ 2.4	182,93		104.97	111.24	+10.0	3.01	122.63	125.04	90.52	104.29	110.64	132.96	111.33	123.80
Europe Ex. UK (552)	121.09	+5.9	124.15	90.07		158.41		3.40	172.86	176.28	127.59	147.00	158.35	175.31	146.08	156,16
Pacific Ex. Japan (243)	172.82	+11.0	177.19	128.54	149.79		+9.6		126.39	128.87	93.28	107.47	107.20	146.91	115.99	130,05
World Ex. US (1684)	125.67	+ 3.5	128.85	93,47	108.92	107.51	+24	2.37				120.67	126.17	150.58	127.21	137.77
World Ex. UK (1980)	141.20	+3.4	144.77	105.01	122.38	126.15	+22	2.36	141.91	144.70	104.73					
World Ex. Sc. Al. (2146)_	143,70	+29	147.34	106.68	124.55	130.05	+23	2.54	144.36	147.22	106.56	122.78	130.00	153.05	130,04	140.46
World Ex. Japan (1734)	163.96	+3.6	168.11	121.95	142.12	159.89	+4.2	3.05	164.59	187.83	121.48	139.97	159.85	165.40	151.93	158.71
				106.90	124,58	130.38	+23	2.54	144.38	147,22	106.56	122.78	130.32	153.70	130,68	140.92
The World Index (2206)	143.74	+3.0	147.37	100.50	124.00	100.00	1 23		144.00	1 77 1000	184114				.+2.00	139.65

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90,791 (Pound Sterling) and 94.94 (Local); Nordic: Dec (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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Constituent change during the week ending 5/3/93; Name change: Cold Storage Hidgs. to Goodman Fielder Asis Hidgs. (Singapore).

LONDON RECENT ISSUES EQUITIES Am ext Latest 1993 Paid Revenc High Low **FIXED INTEREST STOCKS** Esue Price £ Amount Pard US Rename Nigh Lon

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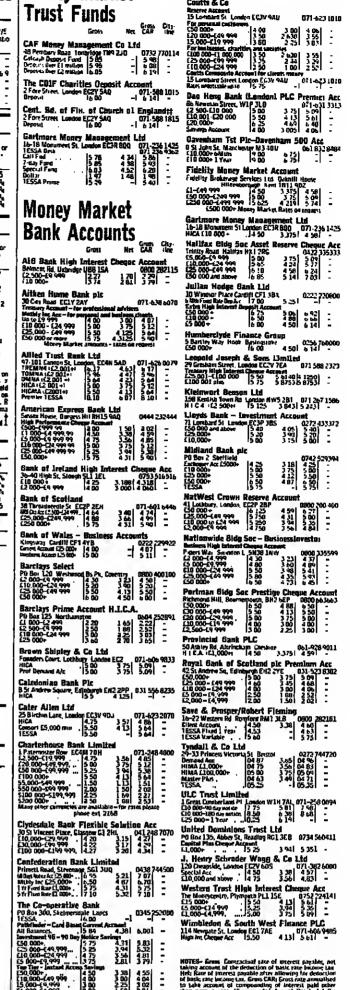
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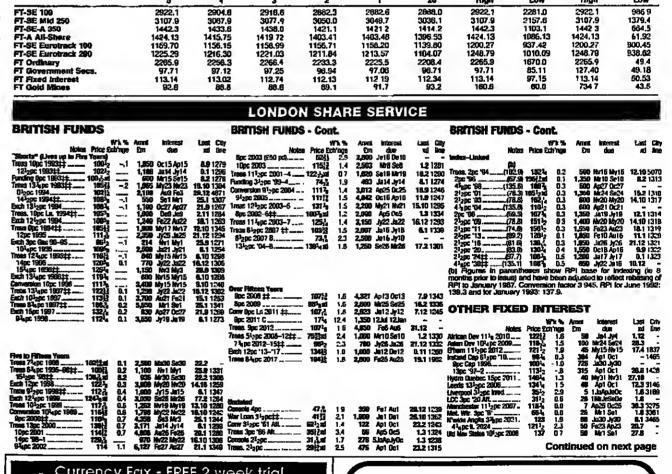
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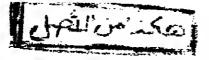
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MONDAY INTERVIEW

No time like the present

Edzard Reuter, chairman of Daimler-Benz, talks to **Christopher Parkes**

dzard Reuter, chair-man of Daimler-Benz, has been preaching revolution for years. Now be has decided that the time and the conditioos are right for action. Off his soap-box and up in arms, be has set about transforming the strategy and culture of Germany's olggest industrial group.

We now have the impression that the time has come when we can really implement radical changes of a dimension and kind we had perceived as necessary earlier," he says. Appropriately enough, his

more public actions have been focused oo the elite Mercedes-Benz car division. This is to expand "horizontally" in its upmarket niche, he says. The traditional range will be extended with a leisure vehicle, a people carrier, and e new compact car below the current entry-level 190 series, and emhellished with more coupé versions of the existing

If not quite revolutionary, he insists that the switch is nonetheless a "very courageous adaptatioo" which should not be seen as an attempt to clash head-on with typical full-range manufacturers. "We would never try to get our fingers into the mass production husi-ness," he promises.

in one sense, Mercedes will remain as it was: "A car producer in the upper market bracket, aimiog at well-to-do customers, producing the highest-quality cars at the highest technical level - but at a price affordable to tha necessary number of people." As a result, unit output will increase 'quite visibly'

Strategy has changed because markets and the world have changed, he says. "Competition in our traditional market segment has increased dramatically. We have to face sionally interrupted by very worldwide competition from people working on different cost assumptions and in different situations.

These are the factors steering the group's change of direction and which have obliged Mercedes in the first instance to reject the ancient dogma which insisted that its cars must always bear the "Made in Germany" lahel. "These additional vehicles probably have important markets outside Germany or even outside Europe. This means that for exchange rate reasons alone we needed to consider producing ahroad," be says. Accordingly, there is a fair chance that a decision will be made later this year to build leisure vehicles in the US, Reuter adds. Meanwhile, smallscale car assembly is just starting up in Mexico. A joint venture with Ssangyong in Korea could also extend the braod'e reach ioto new markets.

People carriers, compact cars and installing capacity close to markets are hardly new con-cepts, and Renter admits Mercedes has been late to move because it was bohbled by

But that was only part of the problem, and rejection of fixed ideas is only part of Reuter's response. Throughout the group be bas implemented measures to slice through the bulky bureaucracy built up since the second world war, and decentralise the entire husiness. "We want to give more responsibility to more cople and ask them to participate in the success of the company themselves," he says. Such moves lie at the heart

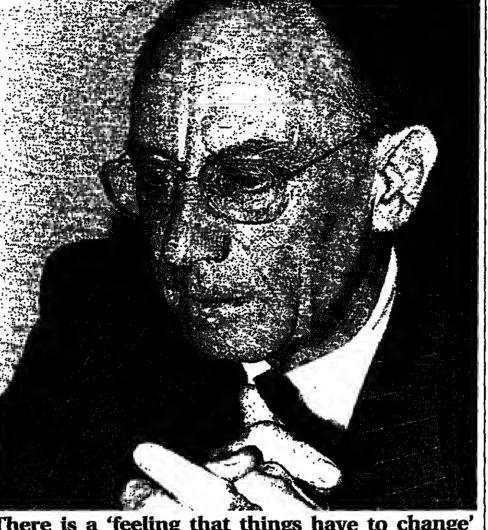
of the revolution which has been waiting until now to happen. Again, they are hardly new, but Reuter's ability to introduce them has been hampered in the past by the difficulties of pinpointing the moment when there was the best chance of achieving the necessary company-wide consensus - one element in German management practice which remains inviolable.

"Lean management used in this context is only a very rough description of what is going on - what we are aiming at is a change of behaviour," he says. Postwar German attitudes to

work and responsibility hava been conditioned by continuous economic growth, occashort periods of slowdown, he notes. "At the same time, there has been a steady increase in well-heing. That apparently has come to an end for the time being.

The arrival of recession, heralded by the group's announcement last year of the loss of almost 40,000 jobs, has fulfilled one of the conditions necessary for Daimler's domestic revolution - and possibly for sweeping changes in attitudes throughout the rest of German industry and society.

The slump's coincidence with growing awareness of the caused by the sudden impact of



There is a 'feeling that things have to change

International competitive unification and the drama of the economic collapse". Government failure to develop conthreet to Germany, plus the harsh economic realities of unification have "added to the general feeling that things have to change", he says.

Now that his strategy is clearly defined, he is talking again, taking bis soaphox to every level of the company, talking to hundreds of people, for hours and hours . . . talking and taking decisions. But decisions alone are not enough," be admits, "People must under-

PERSONAL FILE 1928 Born Barlin.

1933 Moved with family to Turkay aftar his prominant Social Democratic father Ernst Reutar was persecuted by Nazis. 1946 Returned to Berlin,

joined SPD. 1957 Joinad Ula film com-

pany. 1962 Joined Bertelsmann. 1964 Joined Daimlar-Banz, 1976 Dalmlar board member. 1987 Delmlar-Banz chairman.

stand the necessity to change their behaviour. I may be overoptimistic, but I think this company is on its way.

Other companies are moving. too. By the end of 1994, he says, the German motor industry will employ 300,000 fewer workers. He insists that rationalisation has to be accepted in Germany as a "normal development", hut he refuses to speculate on the political implications of rising unemploy-

"All I can say is we need an economic policy aimed at growth." He seems to despair of such action from Bonn where he sees "a vacunm

vincing measures bas led to politicians losing all credibility, he says. Instead, he turns bopefully to Europe. "Look at France. The economic, political and unemployment situation is at least as tense as in Germany. Look at Italy, not to mention the UK. No individual government

has been able to find answers. Protectionism is out of the question and any government trying to buy its way out of trouble by spending huge amounts of public money risks ruining its country. "There is no alternative. The answer must be that we press on to economic and monetary unificatlon. But the Community must also talk seriously about an industrial policy. Tha root of our problems lies in the lack of convincing European solutions," he says. Reuter dislikes the dirigiste

ring of the term "industrial policy". But, he insists, "one will never be able to find a perfect way of running a free market without any kind of framework".

Indispensable elements would include common income and value-added tax systems, a regional policy to iron out structural economic distortions such as imbalances in employment patterns, and a joint, measured approach to research and development. "I am talking about a market

economy governed by a pragmatic, professional approach ... We need further policy coordination and this can only be achieved with a common European currency," be concludes. With his unshaken belief in the capacities of European

Politics in the age of the microchip huge productivity gains will be possible if all businesses, gov-

t matters that Mr Al Gore, America's vice president, cares passinnately about technology. One of the peculiarities of modern politics is that most politicians spend most of their time on issues that have little or no bearing on the future prosperity of their nations. Diplomacy, for example, continues to outrank economics and finance, which in turn outrank science and technology. Yet we are living in the age of the microchip not the age of Metternich. Since the great depression, technological change (something beyond the ken of diplomats and economists) is reckoned to have accounted for about two thirds of the rise in global liv-

ing standards.
One reason for being confident about America's inng-term future is the attention it is now paying to tech-nology. The Clinton-Gore pol-icy paper Technology for America's Economic Growth signals a fundamental shift in US priorities. During the cold war, technology policy was driven by a desire to maintain a military lead over the former Soviet Union. The US ploughed huge sums into two areas -basic science and defence research and development. By any standards, the policy was a resounding success. US academics head the Nobel prize lists in every category of basic science while the Pentagon enjoys a near monopoly of the

world's smartest weapons. But with US industrial dominance taken for granted, no attention was paid to economic competitiveness, Last year only 2 per cent of the \$73bn federal R&D budget was spent on projects relevant to manufacturing industry. Total spending on civilian R&D accounted for only 1.9 per cent of national income, against 2.7 per cent in Germany and 3.0 per cent in Japan.

The Clinton administration is determined to make industrial expansion the main goal of federal technology policy. Free market economists are making tha predictable response, which is that the lure of big profits will always



ON AMERICA

be the most effective spur to commercial innovatioo. They are correct, but they are wrong to imply there is nothing government can do to belp. Many of the most important technologies of the 20th century, including computers and jet engines, were initially wholly pendent on the public purse.

The Clinton-Gore technology plan is deliberately modest in scope and seems to avoid many of the pitfalls of old-style industrial policies. It envisages additional spending of only \$17bn over four years - hardly an irresponsible goal. It recognises that the military R&D machine can be wound down only gradually. The civilian share of the federal &&D hudget is projected to rise from about 40 per cent to just over 50 per cent by 1998. Over time, the network of 700 federal laboratories will be expected to devote up to 20 per cent of their budgets to R&D partner-ships with industry, against s than 5 per cent today.

The strategy admittedly does not entirely avoid the error of trying to pick winners -Washington wants to help US industry develop new "clean car" technologies. But the sin-gle higgest boost to civilian innovation is a research and experimentation tax credit worth about \$2bn a year which will not discriminate between different sectors.

There are, moreover, at least two big ideas that could pay off handsomely. The first is tha national network of "information superhighways" long champloned by Mr Gore. Drawing an analogy with publicly subsidised railways in the 19th century, Mr Gore believes that

possible if all businesses, gov-ernment agencies, schools and households can ultimately be linked in a national fibre optic grid. The plan is to provide modest subsidies for groups wanting to tap into-such a communications network, thus giving the private sector an incentive to accelerate plans for its construction. As with the big infrastructure projects of the past, information superhighways could spur a new genaration of commercial technologies.

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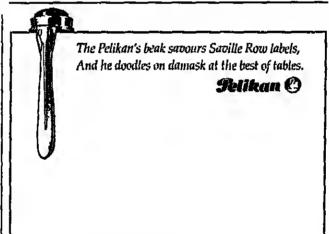
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Tha other big idea also draws on an historical parallel. US farms achieved huge gains in productivity this century partly as a result of agricul tural "extension" services that ensured rapid dissemination of new technologies and management techniques. Building on past pilot projects, the Clinton administration wants to create a national network of manufac turing extension centres to make sure that the nation's 360,000 small and medium-sized manufacturers have access to the latest technologies and

The Clinton-Gore plan will also promote so-called "agile manufacturing" programmes and "regional technology alliances". The idea is to use the nexible corporate relationships pioneered in dynamic regions such as Silicon Valley as a template for general industrial development. It will thus encourage the formation of regional clusters or networks of companies and research institutes to share information and jointly develop new products and markets.
The Clinton administration's

attempt to reorient US federal science and technology policy is still at the embryonic stage. But it would be a mistake to assume it will be counter-productive just because interventionist policies have a mixed record in Europe and Japan. On the contrary, what is now happening in the US may well become a model for a new breed of intelligent industrial policies - that is if politicians wake up to the importance of



CROSSWORD

No.8,095 Set by ALAUN

integration and frustrated by the lack of activity and even

comprehension in Bonn, Reu-

ter appears for the moment a

lonely figure. But on the basis

of the popular belief that what

is good for Daimler is good for Germany, and the more reas-

suring premise that be has the

full support of Deutsche Bank

(Daimler's biggest shareholder

and the leading power broker across the upper reaches of

German industry), he is

unlikely to be short of follow-

An admirer describes him as

a true architect of German

culture", which probably suits this modest intellectual better

than the "revolutionary" tag. But like a true revolutionary,

Reuter has recognised that tim-

ing is everything. Those who

get it wrong - be they in poli-

tics or husiness - are the ones whose heads finish up in the

ers for long.

The bogeyman will be back

fter the British government's latest reprieve in the interminable struggle over Maastricht in the House of Commons, it begins to look as if the treaty may eventually be ratified. If that should be the outcome - the battle is far from over - It would be a realistic but unenthusiastic expression of the balance of opinion in parliament. Many of its members dislike aspects of the treaty, but only a small minority dislike the whole thing so passionately that they welcome the opportunity to challenge Britain's memhership of tha European Community. The conclusion of the ratifi-

cation process would therefore be a relief all round; hnt it would not be the end of the

If the government imagines that the controversy over the objectives of Maastricht will be put to sleep by ratification, it is deluding Itself. Europe has long been a malicious bogeyman for the British, and it will leap right out at them again, not in some distant future, but immediately and repeatedly; and it will cootinue its haunting until the day (if it ever cal establishmeot finally resolves its ambivalent feelings about the European Community, one way or another. Second, the surreal proce-

dural by-ways along which the House of Commons is crawling towards ratification must raise questions about the credibility of those very constitutional arrangements of national sovereignty which the British Euro-sceptics so fervently pro-

Last week provided a stri-



ON EUROPE

king example of official procedural jiggery-pokery. The Labour party had fashloned an amendment attacking the government's opt-out from the treaty's social chapter. Through a de facto alliance between Labour and the Eurosceptics, it looked as though this amendment might hring down the treaty. But lo and behold, the government was miraculously saved because the deputy speaker ruled that the amendment was out of order. He gave no explanation, hut his reason was said to be that the amendment was unacceptable because it was critical of the treaty. This interpretatioo is bizarre, perverse, incredible; which doee not mean that It is not true.

Even without Maastricht, the case for constitutional reform was already oo the agenda, at least for the Labour party and the Liheral Democrats. Mr John Smith, the Labour leader, last week set out a long list of desirable reforms, including the election of the House of Lords, protection of human rights and freedom of informa-

But Mr Smith'a list also included reforms to bring Britain up to date in its consti-

tutional relatiooship with European candidatea from Europe. The restoration of strong local government, and the creation of strong regional government, may have their own domestic justification; but Mr Smith also argued the case as part of a four-tier European etructure of govarnment, of which the nation-state would be only one tier. As it happens, the Maas-

tricht treaty will require the establishment of a committee of the regions, to which each ember state will nominate a national contingent. This will be simple for Germany, France, Spain or Italy, because they have regional governments of various kinds. But it will be a poser in Britain, which has no regional governments io England, and only paternalistic substitutes in Scotland, Wales

and Northern Ireland. in any case, British ratification is not the end of a story. just the beginning. Before the end of this year we shall be plunged into a new debate on the objectives of the treaty; before the middle of next year, we shall be engaged in renego-tiating it; and that means we shall have to go through par-liameotary ratification again.

First, there is bound to be a far-reaching reassessment of the credibility of the programme for ecocomic and onetary union. It cannot easfly take place in public until there is complete ratification, for fear of frightening the voters or encouraging the specula tors; but it may be precipitated if the next French government presses for an accelerated rapprochement with Germany. Second, the negotiations for the admission of new member

states, starting with the west

Efta, are bound to set off a serious re-examination of the general objectives of the treaty, and in particular Its institutional arrangement Ostenelhly, the candidates will disclaim any demand for

British or Danish-type opt-outs. They can hardly avoid a debate about the treaty's long-term The institutional question

will be more controversial. At present, the weighted votes in the Council of Ministers are heavily skewed in favour of the smaller member states, in comparison with their share of EC population. Officially, the Com-munity has disclaimed any desire to change the voting weights. The candidates would join with the same votes as comparable existing members.

The problem is that all pres-

ent candidates, and almost all future candidates, are small countries. The official position really just a polite fiction which must be kept up until Denmark's second referendum on May 18. But tha voting weights must be changed, because the big countries will not agree to the progressive domination of the small, especially since the political commitment of the new members

is at least open to question.
In logic, the small countries should demand some political compensation for a cut in their votes; this could take the form either of a strengthening of the role of the European Parliament, or of an locrease in unweighted majority voting. Either way, the enlargement treaty, which must be ratified in parliament, will pose a serious dilemma for the British

 Once meant a period in jail (8)
 It gives the compiler severe headache (6) Be responsible for changing

ACROSS

the rule (8) 10 Write in French "No colours"

(6)
12 Bring back a violin that may be played (5)
13 Trouble there will be if you buy the infernal thing (4,2,3)
14 Leave to get a rope (6)
16 A popular resort and sadly so, 1 put in (7)
19 Without an escort and of indeterminate and (7)

terminate age (7)
21 Goods from France on sale at the confectioner's (6) Spreading out a oumber (9) 25 Couot, perhaps, a boxer is happy to take (5) 26 Make copies and skedaddie

(3,3) 27 Dug the spurs in and lashed

28 Are buddled inside, out of the rain but miserable (6)

29 Asked to see the damn condrink (6)

drink (6)

2 The way trade fluctuations had lessened (9)

3 Sounds and signs that mean everything's all right (5)

4 Chose to compete against, all the same (7)

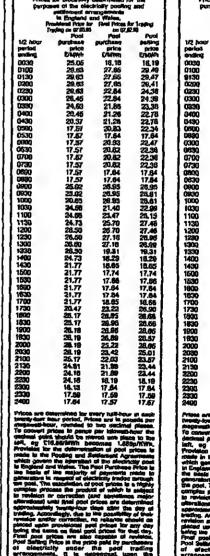
8 Result of giving the pupils too march work (9) much work (9) In the preliminary period, taking a trip north (3,2) Tin with brass in it (5,3)

11 Run away, you report, with a circus performer (4)
15 Taking the place of, at some stage (6,3)
17 A little assistance is required with the secretarial work (9)
18 Having had no crossed lines (6)

Stand up, the one in blue (4) 21 Give the musicians time to dress (7)
22 Went really fast but wae

beaten (6)
24 Was in the past and will be in future nervous (5) 25 A foreign character volun-

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday March 20.



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DONG AH CONSTRUCTION INDUSTRIAL CO. LTD US \$ 100,000,000 FLOATING RATE NOTES 1997

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from March 8, 1993 to September 8, 1993 (184 days) has been fixed at 5% per annum.

The interest payable on September 8, 1993 will be US S 255.56 in respect of each US \$ 10,000 Note and US \$ 6,388.89 in respect of each US \$ 250,000 Note.

